

**ANNUAL REPORTS AND RELATED DOCUMENTS::****Issuer & Securities****Issuer/ Manager**

JARDINE CYCLE &amp; CARRIAGE LIMITED

**Securities**

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**Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)**

Please see the attached documents:

1. Annual Report 2021
2. Letter to Shareholders dated 29 March 2022

These documents are also available on the 'AGM 2022' page under the 'Investors' section on the Company's website at the URL <https://www.jcclgroup.com/>.

**Additional Details****Period Ended**

31/12/2021

**Attachments**

[JCC AR21 LR.pdf](#)

[LTS - AGM 2022 - for PUBLICATION.pdf](#)

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## Building a diversified and resilient portfolio



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Jardine Cycle & Carriage Annual Report 2021

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## Corporate profile

Jardine Cycle & Carriage ("**JC&C**" or "**the Group**") is the investment holding company of the Jardine Matheson Group in Southeast Asia. JC&C seeks to grow with Southeast Asia by investing in market-leading businesses based on the themes of urbanisation and the emerging consumer class. The Group works closely with its businesses to enable them to achieve their potential and to elevate their communities.

The Group has a 50.1% interest in Astra, a diversified group in Indonesia, which is also one of the largest independent automotive groups in Southeast Asia.

JC&C has significant interests in Vietnam, including 26.6% in Truong Hai Group Corporation, 31.2% in Refrigeration Electrical Engineering Corporation and 10.6% in Vinamilk. Its 25.5%-owned Siam City Cement also has a presence in South Vietnam, in addition to operating in Thailand, Sri Lanka, Cambodia and Bangladesh.

The Direct Motor Interests in JC&C's portfolio are the Cycle & Carriage businesses in Singapore, Malaysia and Myanmar, and 46.2%-owned Tunas Ridean in Indonesia.

JC&C is a leading Singapore-listed company, 75%-owned by the Jardine Matheson Group. Together with its subsidiaries and associates, JC&C employs around 240,000 people across Southeast Asia.

Combined gross revenue\*

**US\$37bn**

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Revenue

**US\$18bn**

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Underlying profit attributable  
to shareholders

**US\$786m**

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Dividend per share

**US¢80**

## Building a diversified and resilient portfolio

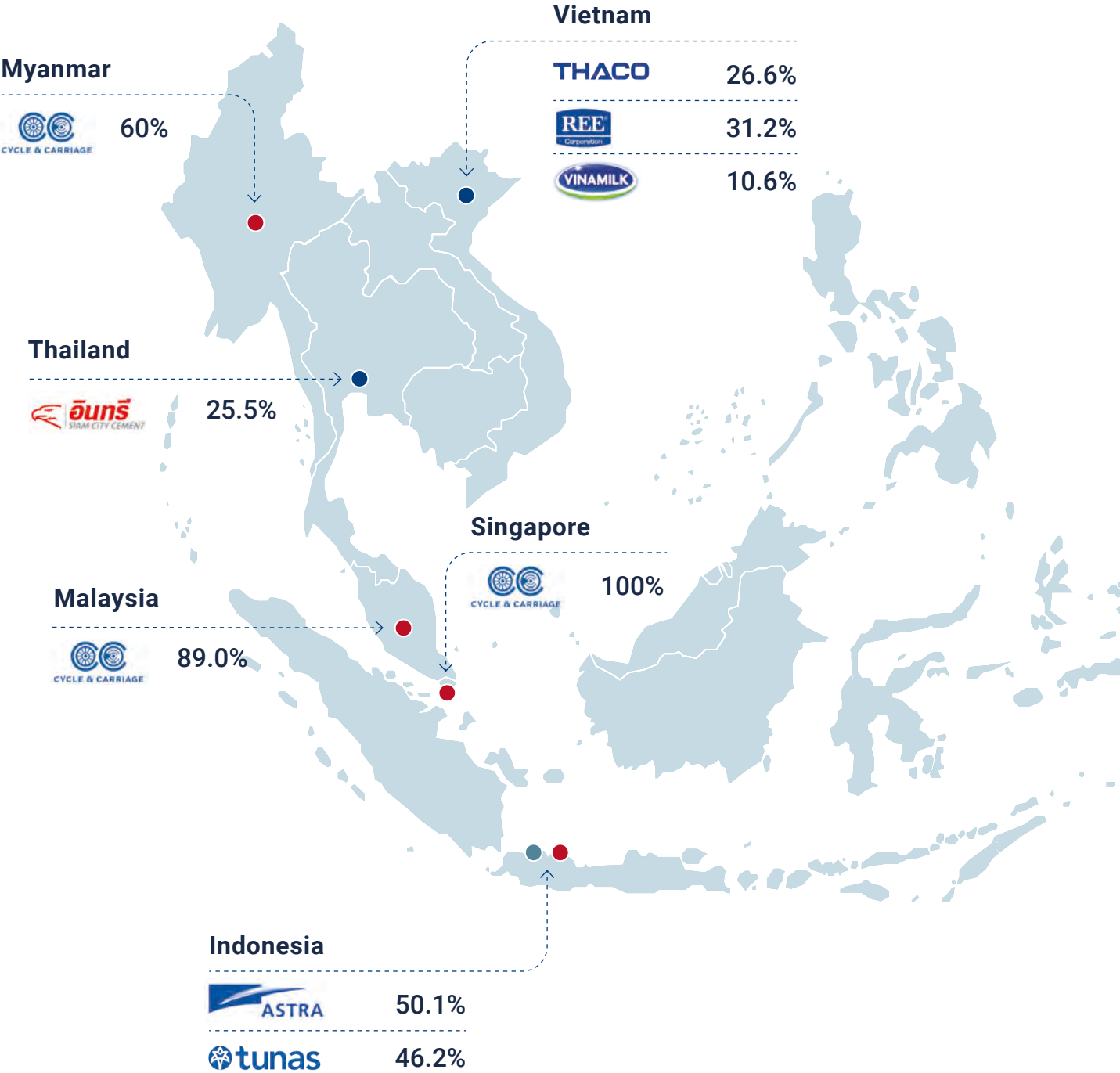
We aim to grow faster than Southeast Asia. With a clear focus to be a long-term strategic partner to our portfolio companies, we continue to work closely with our businesses in the face of macroeconomic uncertainties and disruptive industry trends.

We contribute to our businesses by providing strategic input, planned capital allocation, and collaboration and partnerships across our extensive network. In addition, we seek to transform businesses with digital innovation expertise as well as people and organisational design capabilities. To further elevate our communities in the region, we advocate a corporate strategy that is firmly centred around sustainability with defined ESG pathways to support the global climate change agenda and deliver long-term growth.

\* Includes 100% of revenue from associates and joint ventures

# Group Overview

Our objective is to grow faster than Southeast Asia and elevate the communities within which we operate.



● Astra ● Direct Motor Interests ● Other Strategic Interests

## Group Results

	Year ended 31st December			
	2021 US\$m	2020 US\$m	Change %	2021 S\$m
Revenue	17,688	13,234	34	23,761
Profit after tax	1,718	1,245	38	2,308
Underlying profit attributable to shareholders*	786	429	83	1,056
Profit attributable to shareholders	661	540	22	887
Shareholders' funds	7,368	6,974	6	9,960
	US¢	US¢	%	S¢
Underlying earnings per share*	199	109	83	268
Earnings per share	167	137	22	225
Dividend per share	80	43	86	107
	US\$	US\$	%	S\$
Net asset value per share	18.64	17.65	6	25.20

## Underlying profit attributable to shareholders

US\$786m



Automotive	35.2%
Financial Services	20.8%
Heavy Equipment & Mining	25.6%
Agribusiness	6.0%
Utilities & Infrastructure	2.2%
Property	2.0%
Cement	3.4%
Consumer Products	4.6%
Others	0.2%



Indonesia	79%
Vietnam	15%
Singapore	3%
Thailand	3%

The exchange rate of US\$1=S\$1.35 (31st December 2020: US\$1=S\$1.32) was used for translating assets and liabilities at the balance sheet date, and US\$1=S\$1.34 (2020: US\$1=S\$1.38) was used for translating the results for the period.

\* The Group uses 'underlying profit attributable to shareholders' in its internal financial reporting to distinguish between ongoing business performance and non-trading items. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties, agricultural produce and equity investments which are measured at fair value through profit and loss; gains and losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures and other investments; provisions for closure of businesses; acquisition-related costs in business combinations and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the Group's underlying business performance.



## Conversation with Group Managing Director



### **Q What is JC&C's overall strategic approach?**

**A** It is important to align around our overall strategy of growing faster than Southeast Asia and elevating the communities within which we operate. We aim to achieve these objectives through creating the conditions for our portfolio companies to accelerate their growth.

We continually review our portfolio and challenge ourselves to be the best long-term strategic partner. We focus on the potential of our businesses and aim to secure long-term growth. This approach guides our capital allocation strategy as well as our input and contribution to portfolio businesses at both the board and management levels. We also leverage our membership of the wider Jardine Matheson Group ("**Jardines**"), including its extensive network for business introductions and partnerships, as well as government relations. In addition, we proactively

provide the businesses with access to Jardines' organisational design capabilities, support them with digital transformation as well as guide and strengthen their Environment, Social and Governance ("**ESG**") practices.

### **Q What progress have you made in 2021 towards achieving your long-term objectives?**

**A** We saw a strong recovery across our portfolio in 2021 and I am encouraged that we have achieved results which are close to the pre-pandemic 2019 performance.

In 2021, we also continued to modernise the Group. This was achieved through initiatives such as digital transformation and innovation; building people capabilities and organisational design; development



“ We continually review our portfolio and challenge ourselves to be the best long-term strategic partner. ”

of networks and partnerships for our businesses; and strengthening risk controls and governance structures across the portfolio. We made a clearer articulation of what we want to achieve through our capital allocation strategy and actively looked to capture new opportunities in fast-growing economies and sectors.

Additionally, ESG is now firmly embedded in our management systems. We better understand the climate risk within our portfolio, and the strategies and actions required to mitigate it. To support climate action, we will be setting our net-zero ambition, climate-related goals and decarbonisation pathway.

## Q What progress has been made on the ESG front during the year?

**A** Climate action has become a key pillar of our ESG efforts. In 2021, we embarked on formulating climate-related financial disclosures aligned with the recommendations of the Task Force

on Climate-related Financial Disclosures (“**TCFD**”). This professionalises our approach to ESG, as TCFD provides a framework to inform our strategy and governance as well as risk management and environmental targets.

We have also aligned our social initiatives to the United Nations Sustainable Development Goals: 3 (Good Health and Well-Being); 4 (Quality Education); and 8 (Decent Work and Economic Growth), to ensure that we continue to have a positive impact on our communities.

JC&C continues to support mental health and provide education opportunities in Southeast Asia. We are proud that Jardines was named the Organisation of Good for the Large Enterprise Category at the President’s Volunteerism & Philanthropy Awards 2021 for our contributions to Singapore’s mental health sector through our registered charity, MINDSET. We are also encouraged that the JC&C Scholarship empowers youths in Southeast Asia with quality tertiary education, enabling them to make progress and enrich their communities.

Finally, good corporate governance is the foundation of our businesses and is essential to safeguarding the interests of our stakeholders. In 2021, JC&C was ranked 19th out of over 500 companies in the Singapore Governance and Transparency Index 2021, placing us among the top 5% of listed companies in Singapore. At JC&C, we are committed to maintaining high standards of transparency and accountability.

Overall, we are pleased with the progress made on our ESG journey, while the portfolio has demonstrated resilience during these challenging times.

**Ben Birks**  
Group Managing Director

## Conversation with Group Finance Director



### **Q With the ongoing pandemic, how has JC&C performed in 2021?**

**A** We are pleased with the improvements witnessed across all three of JC&C's business pillars in 2021. The Group reported an underlying profit of US\$786 million for 2021, up 83% from 2020. The recovery in 2021 was encouraging, with underlying profit returning close to pre-pandemic levels, down just 9% from 2019.

Our key markets of Indonesia and Vietnam performed well. Astra's overall recovery was encouraging, led by automotive and consumer finance as well as at United Tractors and Astra Agro Lestari which were supported by strong coal and palm oil prices respectively.

The Truong Hai Group Corporation ("THACO") automotive business also showed resilience and a strong market share performance. Our other businesses in Vietnam were also steady

throughout the pandemic, which has supported the resilience in JC&C's overall performance.

At the start of the pandemic, we reacted quickly to mitigate the impact. We examined our businesses' financing and liquidity positions as well as supply chain arrangements. We also analysed ways to manage cost and capital expenditure to drive more efficiencies and conserve cash in working capital and operating expenses. These measures continue to be deployed today.

### **Q How did the shape of the JC&C portfolio help to weather the impact of COVID-19?**

**A** JC&C is the Southeast Asian investment arm of Jardines. Our strategy is to build a strong and diversified portfolio across the region, through investing in market-leading businesses with growth potential, strong earnings and good governance.

“The recovery in 2021 was encouraging, with underlying profit returning close to pre-pandemic levels, down just 9% from 2019.”

The portfolio is built along the themes of Southeast Asia's urbanisation and the emerging consumer class, which positions the businesses well to grow alongside the region's positive trajectory. This strategy of diversification enabled JC&C to demonstrate resilience during the pandemic.

Many of our consumer-facing businesses were severely impacted by the pandemic in 2020: primarily these were our automotive businesses. However, in 2021, these businesses demonstrated strong recoveries. In addition, businesses which demonstrated resilience in 2020, for example, Refrigeration Electrical Engineering Corporation (“REE”), Siam City Cement and Vinamilk, continued on a steady path through 2021.

The recovery across the portfolio in 2021 attests to its resilience. We will continue to review the shape of our portfolio to deliver higher growth rates over the long term.

## Q How is JC&C managing the financial impact of climate change?

**A** Climate action will support the long-term returns of our businesses, enabling them to be future-ready

in a low-carbon economy. We will start publishing our climate report according to the TCFD framework in 2022. This will enhance engagement with our shareholders and aid capital market stakeholders in their understanding of JC&C's investment proposition and future strategies.

In 2021, we performed a scientifically-based scenario analysis to identify and evaluate the financial impact of climate change on our portfolio. Based on the analysis, the key risks for JC&C include the electric vehicle transition in the automotive industry and the long-term phasing out of coal-fired power generation. This motivates us to accelerate the timely shift towards electric and hybrid vehicles to capture growth and maintain our leadership position in this sector. It also drives our continued diversification strategy away from thermal coal and into other business lines.

The climate analysis identified opportunities for JC&C as well. Future installed energy capacity in Southeast Asia is expected to be dominated by renewables. JC&C currently has investments in renewables such as solar and hydro at Astra as well as solar, hydro and wind at REE. We will continue to support our portfolio businesses to strengthen their capabilities in this area.

We now have a clearer understanding of where our climate-related risks and opportunities lie and will continually factor them into our strategy and capital allocation plans.

**Stephen Gore**  
Group Finance Director

# Growing Adjacencies

As the world's fourth most populous country with over 270 million people and a rapidly growing middle class, Indonesia is witnessing the transformation of traditional industries. Digital disruption in financial services has emerged to cater to Indonesia's young and increasingly urbanised population. On the healthcare front, the uneven distribution of healthcare resources throughout the archipelago has accelerated the expansion of HealthTech to make basic healthcare more accessible.

Driven by its commitment to support the development of the nation and positively impact the lives of the Indonesian people, Astra continues to extend beyond its core businesses and invest in innovative solutions. Digital transformation strategies are accelerated and new technologies adopted.

## moXa

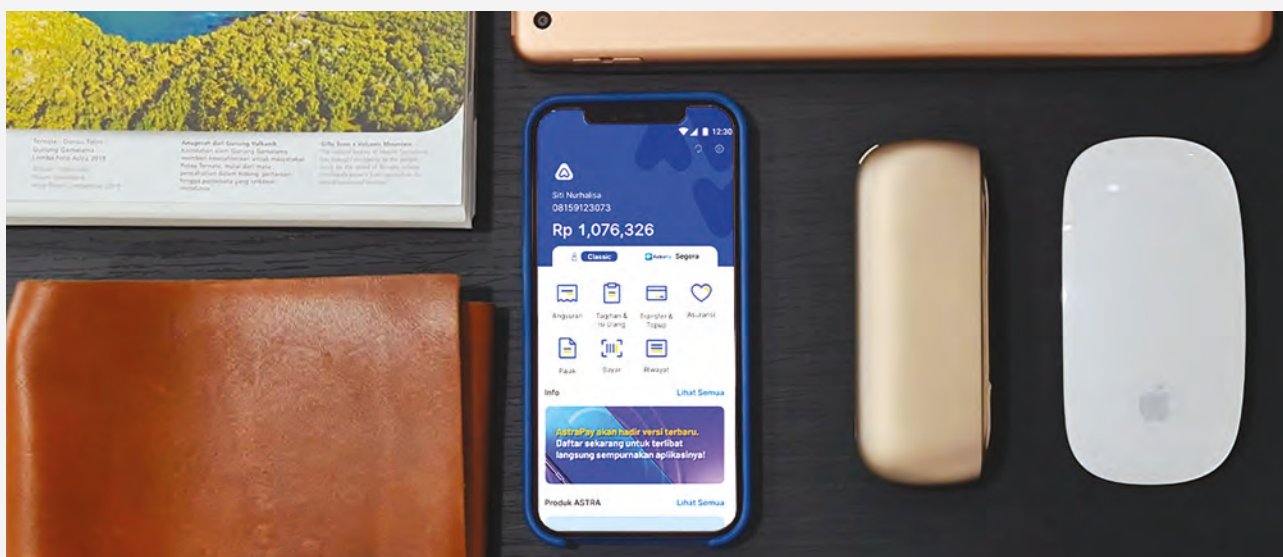
moXa is a mobile app that integrates Astra's financial services offerings on a single platform to cater to the needs of customers. Within one year of its launch, moXa reached 10 million downloads. By the end of 2021, moXa has over three million monthly active users.

Currently, moXa provides over 25 offerings including financing for new and used cars as well as motorcycles; motor insurance, life and health insurance; microlending, personal and commercial loans; and digital payments. Through moXa, users are also able to open a new savings account with Permata Bank in less than five minutes.

These products will be further supported with gamification, bundling offers, new products and an omnichannel experience going forward. This enables moXa to adopt a customer-centric approach, focusing on customer needs while delivering improvements for different customer segments.







## AstraPay

Over half of Indonesia's population are smartphone users, yet it lags China and India in terms of cashless payments usage propensity. This represents significant growth potential for digital wallets. Astra is a trusted and well-known brand in Indonesia. This provides confidence that its digital wallet, AstraPay, which was launched in September 2021, will achieve strong growth rates in terms of usage and reach.

AstraPay provides a convenient and seamless solution as a mobility wallet for customers to make public transportation and motor vehicle payments while also offering a range of automotive and personal insurance plans. AstraPay aims to broaden its services such as parking and smart wallet that tracks expenses and household budgets. More than a digital solution, AstraPay also serves a strategic role for Astra. It aims to deepen Astra's existing customer relationships with bespoke offerings and serves as a catalyst to open up new opportunities for broader digital initiatives going forward.

## Halodoc

In 2021, Astra invested US\$35 million in Halodoc, a leading Indonesian-based HealthTech startup. Halodoc is a digital platform that connects patients to the healthcare ecosystem including doctors, pharmacies, medical laboratories and insurance providers.

Providing technology-based consultations and medical services allow more people across the country to access healthcare. According to the World Health Organization, there were on average only six physicians to every 10,000 people in Indonesia in 2020 as compared to the global average of 19. With over 20,000 general practitioners and specialists, 18 million monthly active users and having the most comprehensive ecosystem, Halodoc is well-positioned to aid the Indonesian community in providing access and delivering healthcare to more people.

Astra's participation in Halodoc aligns well with its commitment to the nation and its people. Astra's investment will enable Halodoc to deepen its penetration into key

healthcare verticals across Indonesia. The COVID-19 pandemic has magnified the need for greater healthcare access and Halodoc was appointed to support the roll out of the nation's vaccination programme. Its strong network and proven technology capabilities pave the way for Halodoc to become a leading vaccination facilitator in Indonesia.

Following Astra's investment into Halodoc, Asuransi Astra, the non-life insurance arm of Astra entered into a partnership with Halodoc to launch Garda HealthTech, a digital-only health insurance plan. This co-creation offers affordable insurance coverage plans accessible through the Halodoc app. This collaboration between an established insurance provider and a leading HealthTech player is well-positioned to provide relevant and innovative digital services to support the evolving needs of consumers. It also empowers Astra to strengthen its existing businesses by building close adjacencies that will allow it to tap new growth drivers across its value chain.

# Building Sustainability

One of the fastest growing regions globally, Southeast Asia is expected to continue to see strong governmental support for the transition to renewable energy and an increased focus on sustainable solutions. Climate change is a key force shaping the world in which we live. JC&C is committed to doing our part to promote climate action and build sustainable business practices within our Southeast Asian portfolio.

## Future growth led by renewables

Vietnam has been one of Southeast Asia's most vibrant markets in attracting investment in renewable energy. The country's tropical climate and diverse natural topography offers an abundance of renewable energy generation opportunities in segments such as solar, hydro and wind power. As at November 2021, Vietnam's installed capacity was about 75 gigawatts ("**GW**") and this is expected to double by 2030 as renewable energy plays a more important role in the country's power generation system going forward.



Since 2010, Refrigeration Electrical Engineering Corporation ("**REE**") has been participating in the investment and development of renewable, clean, and sustainable infrastructure and solutions. With its reputation, access and track record, REE is well-positioned to capitalise on the government mandate to increase the country's renewable energy capacity.

Currently, REE has interests in solar, hydro and wind energy, generating a combined equity-adjusted power generation capacity of over 700 megawatts ("**MW**"). REE aims to continue growing its renewables portfolio.

Renewable Energy	Equity-adjusted Generation Capacity (2021)
Hydro	488MW
Solar	138MW
Wind	88MW
<b>Total</b>	<b>714MW</b>

REE is the largest investor in rooftop solar in Vietnam. Its investment in solar increased from under 20MW to almost 140MW from 2019 to 2021.

Today, only about 4GW of wind power capacity has been installed in Vietnam. Located in a monsoonal climate with a 3,000 km coastline, Vietnam has great potential for wind energy. Tapping this growth potential, REE brought three wind plants with a total designed capacity of over 100MW to commercial operation in 2021. During the year, REE's new hydro project under one of its subsidiaries also achieved commercial operation with a capacity of over 220MW.





## Decarbonising operations

Recognising its role in Indonesia's shift to a more sustainable future and low-carbon economy, Astra is currently developing its renewable energy roadmap to support the nation's energy transition. Presently, Astra has committed to installing rooftop solar at its manufacturing facilities. As part of efforts to decarbonise, the rooftop solar system will be used to partially power Astra's manufacturing activities going forward. This should provide over 60MW by 2024.

Astra is also looking to invest in hydro, wind and other solar projects in Indonesia, as well as collaborate with local partners to distribute and install solar energy. Astra is actively exploring opportunities as they

arise and is keen to continue supporting Indonesia's energy transition.

In 2021, Cycle & Carriage Bintang in Malaysia installed rooftop solar at two of its facilities, with plans for four more installations in 2022. Cycle & Carriage Singapore ("CCS") also supported the country's Green Plan with various collaborations. They include providing electric vehicles ("EVs") for the last-mile parcel deliveries of retail giant IKEA and facilitating DHL Express in expanding its fleet of sustainable delivery vehicles. CCS is also enabling small and medium enterprises ("SMEs") to experiment with EVs by leasing vans for trials and test-bedding, helping SMEs to adopt electric and reduce costs.

## Green solutions for businesses

Some waste production is an inevitable byproduct of industry operations. However, with responsible waste management, hazardous and non-hazardous industrial waste can be converted to energy. This minimises landfills and reduces greenhouse gas emissions.

Siam City Cement ("SCCC") is supporting this movement through its green business arm, Ecocycle. Through this waste management solution, SCCC utilises the waste as

raw material and alternative fuels for its cement production in Thailand, Vietnam, Sri Lanka and Cambodia. This lowers production costs on top of reducing its carbon footprint.

Ecocycle offers sustainable solutions to a wide range of industries in both Southeast Asia and South Asia. It is one of Thailand's leading waste management providers, serving key sectors such as oil and gas, petrochemical and power generation.

# Group at a Glance

## Astra

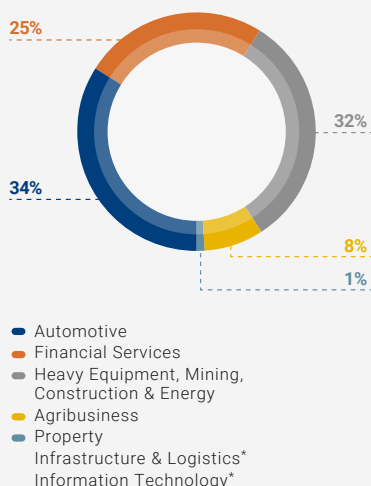
JC&C has a 50.1% interest in Astra. Astra is a diversified business group operating in Indonesia with seven core businesses. It is listed on the Indonesia Stock Exchange and is one of the largest companies in Indonesia by market capitalisation. Astra employs nearly 190,000 people.



### Contribution to Underlying Profit

**US\$654.8m<sup>+</sup>**

+112% from US\$309.4m in 2020



\* After withholding tax on dividend  
\* Insignificant contribution

## Automotive

Astra is one of the largest independent automotive groups in Southeast Asia. It participates in the production, distribution, retail and aftersales service of motor vehicles as well as manufacturing and distribution of automotive components.

It manufactures, assembles, distributes and owns dealership

networks for Toyota, Daihatsu, Isuzu, Peugeot, UD Trucks and Honda motorcycles. It also manufactures and retails BMW vehicles, and owns the Lexus cars dealership.

Through its Astra Digital arm, Astra also develops new initiatives and products to enhance interaction with customers on digital and online channels.

### Astra

Toyota	■	■	■
Daihatsu	■	■	■
Isuzu	■	■	■
UD trucks	■	■	■
Peugeot	■	■	■
Honda (motorcycles)	■	■	■
BMW	■	■	
Lexus		■	

### Key for Status

■ Manufacturer/Assembler ■ Dealer ■ Distributor

## Financial Services

Astra's financial services portfolio delivers various financial services, covering financing for motorcycles, cars, heavy equipment, insurance protection for individual and commercial customers, lending products to retail consumers, and digital payment solutions.

## Heavy Equipment, Mining, Construction & Energy

Astra supplies heavy equipment and provides aftersales services for various sectors, including mining, plantation, construction and forestry. It is the sole distributor of Komatsu, UD Trucks, SCANIA, Bomag and Tadano heavy equipment. Primarily a mining services contractor, it also owns a few thermal and metallurgical coal, gold and thermal power assets. It also participates in construction and has expanded into the renewable energy sector.

## Agribusiness

Astra cultivates, harvests and processes palm oil. It is a major palm oil company in Indonesia. It has a sustainability policy covering commitment to no deforestation, conservation of peatland and respect for human rights.

## Infrastructure & Logistics

Astra develops and manages toll roads. It has a total interest in 396km of operational toll roads. This includes the Tangerang-Merak, Cikopo-Palimanan, Semarang-Solo, Jombang-Mojokerto, Surabaya-Mojokerto and Pandaan-Malang toll roads, which form the Trans-Java network, enabling one to cross the island of Java from end-to-end, from Jakarta to Surabaya. Astra also operates the Kunciran-Serpong and Kebon Jeruk-Ulujami toll roads, which make up the Jakarta Outer Ring Road.

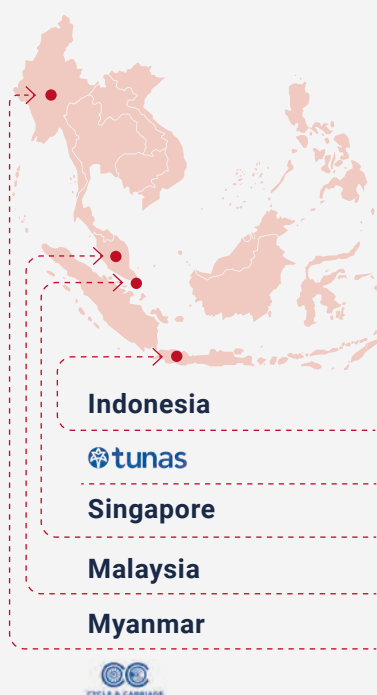
## Information Technology

Astra's information technology business provides printing and digital services solutions. It is the sole distributor of FUJIFILM Business Innovation in Indonesia.

## Property

Astra's property developments include the Grade A office building, Menara Astra, the 509-unit Anandamaya Residences and two residential development projects, namely Arumaya Residences in South Jakarta and Asya in East Jakarta.

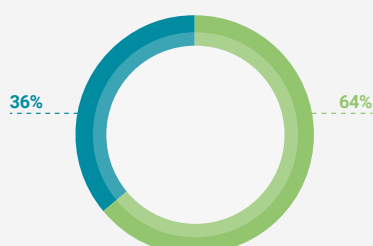
## Direct Motor Interests



Contribution to Underlying Profit

# US\$38.8m

+183% from US\$13.7m in 2020



● Singapore  
● Tunas Ridean  
● Malaysia\*  
● Myanmar\*

\* Insignificant contribution

### Cycle & Carriage Singapore

Cycle & Carriage Singapore (100%) is a leading automotive group in Singapore. It is engaged in the distribution, retail and aftersales services of Mercedes-Benz, Mitsubishi, Kia, Citroën, DS Automobiles and Maxus motor vehicles. In addition, it retails used cars under its Republic Auto brand and provides vehicle leasing services. It is also the exclusive distributor of BYD electric forklifts.

### Cycle & Carriage Bintang

Listed on Bursa Malaysia Securities Berhad, Cycle & Carriage Bintang Berhad (89.0%) is one of the leading Mercedes-Benz dealers in Peninsula Malaysia with a network of 11 outlets, providing sales and aftersales services for Mercedes-Benz passenger cars and commercial vehicles, as well as for FUSO commercial vehicles.

### Cycle & Carriage Myanmar

Cycle & Carriage Myanmar (60%) distributes, retails and provides aftersales services for Mercedes-Benz and Mazda passenger cars and commercial vehicles, as well as for FUSO commercial vehicles in Myanmar. Cycle & Carriage Myanmar has six facilities across two cities in Myanmar.

### Tunas Ridean

Tunas Ridean (46.2%) is listed on the Indonesia Stock Exchange and is a leading automotive dealer group in Indonesia. With 91 motorcycle and 70 passenger car facilities across Indonesia, Tunas Ridean represents Toyota, Daihatsu, BMW and Isuzu passenger cars, as well as Honda motorcycles. In addition, Tunas Ridean provides automotive rental and fleet management services, and offers vehicle financing through its associate, Mandiri Tunas Finance.

#### Cycle & Carriage

Mercedes-Benz (Singapore, Malaysia, Myanmar)	●
Mitsubishi (Singapore)	● ●
Kia (Singapore)	● ●
Citroën (Singapore)	● ●
DS Automobiles (Singapore)	● ●
Maxus (Singapore)	● ●
BYD Forklifts (Singapore)	● ●
FUSO (Malaysia, Myanmar)	●
Mazda (Myanmar)	● ●

#### Tunas Ridean

Toyota	●
BMW	●
Daihatsu	●
Isuzu	●
Honda (motorcycles)	●

#### Key for Status

● Dealer ● Distributor

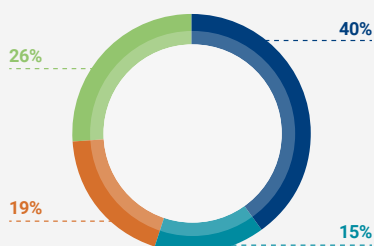
### Other Strategic Interests



Contribution to Underlying Profit

**US\$151.5m**

+26% from US\$120.1m in 2020



- Truong Hai Group Corporation
- Refrigeration Electrical Engineering Corporation
- Siam City Cement
- Vinamilk

### Truong Hai Group Corporation ("THACO")

THACO (26.6%) is a multi-industry group headquartered in Vietnam.

THACO is a leading automotive player and participates in research and development, manufacturing, assembly, logistics, distribution and retail. It manufactures and distributes Kia, Mazda, Peugeot, FUSO, Frontier, Foton, Hyundai and BMW motor vehicles. THACO also distributes MINI.

It is a developer of residential and commercial properties, including the over 1 million sqm Sala City in the Thu Thiem area of Ho Chi Minh City's District 2. THACO also owns residential and commercial assets in Yangon, Myanmar.

THACO's agriculture business includes the cultivation of fruit trees, forestry and livestock in Vietnam and Cambodia.

The group also provides logistics services from warehousing and freight forwarding to seaport services.

Brand		
Kia	Manufacturer/Assembler	Dealer
Mazda	Manufacturer/Assembler	Dealer
Peugeot	Manufacturer/Assembler	Dealer
FUSO (trucks and buses)	Manufacturer/Assembler	Dealer
Frontier	Manufacturer/Assembler	Dealer
Foton	Manufacturer/Assembler	Dealer
Hyundai	Manufacturer/Assembler	Dealer
BMW	Manufacturer/Assembler	Dealer
MINI	Manufacturer/Assembler	Distributor

**Key for Status**

Manufacturer/Assembler Dealer Distributor

### Refrigeration Electrical Engineering Corporation ("REE")

REE (31.2%) is listed on the Ho Chi Minh Stock Exchange. It is a diversified business group in Vietnam with operations in power and utilities, real estate as well as mechanical and electrical engineering ("M&E") services. It has strategic interests in renewable energies such as solar, hydro and wind, and a total of 3,989MW designed power generation capacity. REE also develops and manages over 150,000 sqm of total lease area of office space, and is a leading M&E contractor.

Cambodia and Bangladesh, SCCC holds market-leading positions in most of its markets. SCCC produces cement, concrete and aggregates, fibre cement and other building materials, as well as participates in trading and industrial waste management solutions.

### Vinamilk

Vietnam Dairy Products Joint Stock Company ("Vinamilk") (10.6%) is the largest food & beverage company on the Ho Chi Minh Stock Exchange by market capitalisation. It has 15 farms and 15 factories, with operations across Vietnam, Laos, Cambodia and the USA. Vinamilk is Vietnam's largest dairy producer with a dominant market share and a strong network of over 250,000 distribution points across the country.

### Siam City Cement ("SCCC")

SCCC (25.5%) is listed on the Stock Exchange of Thailand. Operating in Thailand, South Vietnam, Sri Lanka,

### Board of Directors

Benjamin Keswick	Chairman
Benjamin Birks*	Group Managing Director
Stephen Gore*	Group Finance Director
Michael Kok <sup>+</sup>	
Mrs Lim Hwee Hua <sup>#</sup>	
Dr Marty Natalegawa <sup>+</sup>	
Anthony Nightingale	
Steven Phan <sup>+</sup>	
Tan Yen Yen <sup>+</sup>	
Samuel Tsien <sup>+</sup>	

### Audit Committee

Steven Phan <sup>+</sup>	Chairperson
Mrs Lim Hwee Hua <sup>#</sup>	
Samuel Tsien <sup>+</sup>	

### Nominating Committee

Mrs Lim Hwee Hua <sup>#</sup>	Chairperson
Benjamin Keswick	
Dr Marty Natalegawa <sup>+</sup>	

### Remuneration Committee

Michael Kok <sup>+</sup>	Chairperson
Benjamin Keswick	
Mrs Lim Hwee Hua <sup>#</sup>	
Tan Yen Yen <sup>+</sup>	

### Company Secretary

Jeffery Tan

### Registered Company

239 Alexandra Road  
Singapore 159930  
Telephone: (65) 6473 3122  
Fax: (65) 6475 7088  
Website: [www.jcclgroup.com](http://www.jcclgroup.com)

### Auditors

PricewaterhouseCoopers LLP  
7 Straits View, Marina One  
East Tower, Level 12  
Singapore 018936  
Partner-in-charge: Soh Kok Leong  
Appointment: 2017

### Registrar

M & C Services Private Limited  
112 Robinson Road #05-01  
Singapore 068902  
Telephone: (65) 6227 6660  
Fax: (65) 6225 1452

Information as at 18th March 2022

\* Executive Director

+ Independent Director

# Lead Independent Director

# Chairman's Statement

Combined gross revenue\*

## US\$37bn

Revenue

## US\$18bn

Underlying profit attributable to shareholders

## US\$786m

Dividend per share

## US¢80

## Overview

The performance of Jardine Cycle & Carriage ("JC&C" or "the Group") in 2021 recovered substantially compared to 2020, reflecting improvements across all parts of the portfolio. The Group's results were, however, 9% lower than in 2019, prior to the start of the pandemic.

Astra contributed US\$655 million to the Group's underlying profit, compared to US\$309 million in the previous year, reflecting improved performances particularly from its automotive, financial services, heavy equipment and mining, and agribusiness operations.

Direct Motor Interests contributed an underlying profit of US\$39 million, compared to US\$14 million in the previous year, mainly due to improved contributions from Cycle & Carriage Singapore and Tunas Ridean.

Other Strategic Interests contributed an underlying profit of US\$151 million, 26% up from the previous year, mainly due to improved contributions from THACO's automotive operations.

Corporate costs increased from US\$14 million in 2020 to US\$59 million, primarily due to the impact on costs of the translation of foreign currency loans, which led to a foreign exchange loss of US\$28 million in 2021, compared to a gain of US\$24 million in the previous year.

The Group's underlying profit attributable to shareholders was 83% higher than the previous year at US\$786 million. After accounting for non-trading items, profit attributable to shareholders was US\$661 million, 22% higher than the previous year. The non-trading items recorded in the year mainly comprised unrealised fair value losses related to non-current investments.

The Group's financial position remains strong, with net asset value per share of US\$18.64 at the year-end, 6% higher than at the end of 2020. Consolidated net cash, excluding Astra's financial services subsidiaries, was US\$0.8 billion at the end of December 2021, compared to consolidated net debt of US\$0.9 billion at the end of 2020, mainly due to improved operating cash flows. Net debt within Astra's financial services subsidiaries decreased from US\$2.8 billion to US\$2.7 billion.

JC&C corporate net debt was US\$1.5 billion, similar to the previous year-end.

\* Includes 100% of revenue from associates and joint ventures





## Strategic Developments

### Astra

Over the past year, Astra has made several strategic investments in new businesses, including US\$35 million in Halodoc, a healthcare-based technology platform, as part of its strategic focus on building expertise in the healthcare sector.

Astra also entered into several transactions involving its existing businesses. In its infrastructure business, Astra acquired a 49% stake in Jasamarga Pandaan Malang, the operator of the 38.5km Pandaan-Malang toll road, one of the most important toll roads in East Java, for US\$95 million. It also acquired an additional 14% stake in Marga Lingkar Jakarta, the operator of the 7.7km Kebon Jeruk-Ulujami toll road as part of the

Jakarta Outer Ring Road, for US\$19 million, taking its ownership to 49%. These acquisitions bring Astra's total interests in toll roads to 396km.

In Astra's property business, Astra Land Indonesia ("ALI"), Astra's 50:50 joint venture with Hongkong Land, acquired the remaining 33% stake in Astra Modern Land, the developer of the Asya residential township in East Jakarta, which it did not already own for US\$70 million in December 2021.

In February 2022, ALI established a joint venture with LOGOS to develop and manage modern logistics warehouses in Indonesia.

## Chairman's Statement

### Direct Motor Interests

During the year, JC&C increased its interest in Cycle & Carriage Bintang from 59.1% to 89.0% for around US\$18 million, through a series of on-market purchases and acceptances under its Voluntary General Offer. In June 2021, JC&C also entered into an agreement to acquire the remaining 30% stake that it did not own in Republic Auto, a used car business in Singapore, for approximately US\$22 million.

### Other Strategic Interests

During the year, JC&C increased its interest in REE from 29.8% to 31.0% through a series of on-market purchases, for around US\$10 million.



“ The pandemic is expected to remain a significant risk to performance in 2022, but the Group is optimistic about the long-term economic prospects of Southeast Asia, and is well placed to benefit from its growth opportunities. ”

### Dividends

The Board is recommending a final one-tier tax-exempt dividend of US\$62 per share (2020: US\$34 per share) which, together with the interim dividend of US\$18 per share (2020: US\$9 per share), will produce a total dividend for the year of US\$80 per share (2020: US\$43 per share), 86% higher than 2020.

### People

On behalf of the Board, I would like to recognise our 240,000 employees across the region for their continuing hard work and efforts, which have enabled the Group to continue to operate despite the challenging environment created by the COVID-19 pandemic.

Ms Vimala Menon, the Lead Independent Director and Chairperson of the Audit Committee, retired from the Board in December 2021. Mr Michael Kok, Chairman of the Remuneration Committee, will be retiring from the Board at the end of March 2022. On behalf of the Board, I would like to record our appreciation and thank Vimala and Michael for their valuable contributions to the Group.

I am delighted to welcome Mr Samuel Tsien, who joined the Board in October 2021 as an independent director. Samuel has many years of experience in the banking and finance sectors, and we look forward to the contribution he will bring to the Group.



## Outlook

The pandemic is expected to remain a significant risk to performance in 2022, but the Group is optimistic about the long-term economic prospects of Southeast Asia, and is well placed to benefit from its growth opportunities.

**Ben Keswick**  
Chairman

# Group Managing Director's Review

The Group's business comprises three pillars: (i) Astra; (ii) Direct Motor Interests; and (iii) Other Strategic Interests. The contribution to JC&C's underlying profit attributable to shareholders by business pillar was as follows:

## Underlying Profit Attributable to Shareholders by Business

	2021 US\$m	2020 US\$m
<b>Astra</b>		
Automotive	232.4	64.3
Financial services	172.5	110.8
Heavy equipment, mining, construction & energy	216.9	122.7
Agribusiness	53.9	22.0
Infrastructure & logistics	2.4	1.2
Information technology	2.3	0.5
Property	5.7	2.9
	686.1	324.4
Less: withholding tax on dividend	(31.3)	(15.0)
	654.8	309.4
<b>Direct Motor Interests</b>		
Singapore	29.1	18.5
Malaysia	0.8	(0.7)
Myanmar	(5.3)	(3.4)
Indonesia (Tunas Ridean)	16.4	0.8
Less: central overheads	(2.2)	(1.5)
	38.8	13.7
<b>Other Strategic Interests</b>		
Siam City Cement	28.5	24.2
Refrigeration Electrical Engineering	22.2	20.6
Vinamilk	38.9	36.7
Truong Hai Group Corporation		
– automotive	60.2	39.3
– real estate	4.7	7.4
– agriculture	(3.0)	(8.1)
	61.9	38.6
	151.5	120.1
<b>Corporate costs</b>		
Central overheads	(20.4)	(21.4)
Dividend income from other investments	5.6	5.1
Net financing charges	(16.9)	(21.7)
Exchange differences	(27.5)	23.9
	(59.2)	(14.1)
<b>Underlying profit attributable to shareholders</b>	<b>785.9</b>	<b>429.1</b>



## Astra

Astra contributed US\$655 million to JC&C's underlying profit, compared to US\$309 million in the previous year. Under Indonesian accounting standards, Astra reported a net income equivalent to US\$1.4 billion, reflecting improved performances particularly from its automotive, financial services, heavy equipment and mining, and agribusiness operations.

### Automotive

Net income increased significantly to US\$509 million in 2021, mainly due to the recovery from the negative impact in 2020 of the pandemic and related containment measures. Sales volumes increased during the year, particularly in the car segment, which benefited from temporary luxury sales tax incentives. Key points were as follows:

- The wholesale car market increased by 67% to 887,000 units. Astra's car sales were 81% higher at 489,000 units, with its market share increasing from 51% to 55%.

- The wholesale market for motorcycles increased by 38% to 5.1 million units. Astra's Honda motorcycle sales grew 36% to 3.9 million units, but saw a slight decrease in market share from 79% to 78%.
- Components business, Astra Otoparts, reported a net profit of US\$43 million compared to a profit of less than US\$1 million in 2020, mainly due to higher revenues from the original equipment manufacturer, replacement market and export segments.



### Financial Services

Net income increased by 49% to US\$345 million, due to higher contributions from the consumer finance and general insurance businesses. Key points were as follows:

- Consumer finance businesses saw a 25% increase in the amounts financed to US\$5.8 billion. The net income contribution from the car-focused finance companies increased by 70% to US\$98 million, and the contribution from the motorcycle-focused financing business increased by 66% to US\$174 million. Both increases were mainly due to lower loan loss provisioning.
- Heavy equipment-focused finance operations saw an 88% increase in the amounts financed to US\$467 million. The net income contribution from this business increased by 85% to US\$5 million.
- General insurance company, Asuransi Astra Buana, reported a 21% increase in net income to US\$77 million, due to higher investment and underwriting income.

### Heavy Equipment, Mining, Construction & Energy

Net income increased by 79% to US\$427 million, mainly due to higher Komatsu heavy equipment sales and improved coal prices. Key points were as follows:

- United Tractors reported a 71% increase in net income to US\$718 million.
- Komatsu heavy equipment sales increased by 97% to 3,088 units.
- Mining contracting operations reported 3% higher overburden removal volume at 852 million bank cubic metres, while coal production was 1% higher at 116 million tonnes.
- Coal mining subsidiaries achieved 3% higher coal sales at 9 million tonnes, including 2.4 million tonnes of metallurgical coal.
- Agincourt Resources saw 3% higher gold sales at 330,000 oz.
- General contractor, Acset Indonusa, reported a net loss of US\$49 million, mainly due to the slowdown of several ongoing projects and reduced construction project opportunities during the pandemic.

## Group Managing Director's Review

### Agribusiness

Net income from agribusiness increased significantly to US\$110 million, mainly as a result of a 32% increase in average crude palm oil prices.

### Infrastructure & Logistics

Astra's infrastructure and logistics division reported a net profit of US\$5 million, 53% higher than last year, mainly due to improved performances in its toll road and Serasi Autoraya operations. Key points were as follows:

- Toll road revenues were 25% higher. Astra has 396km of operational toll roads along the Trans-Java network and in the Jakarta Outer Ring Road.



- Serasi Autoraya's net income increased by 26% to US\$10 million, mainly due to improved operating margins and a 5% increase in the number of vehicles under contract to 24,300 units, despite lower used car sales.

## Direct Motor Interests

The Group's Direct Motor Interests contributed US\$39 million to JC&C's underlying profit, compared to US\$14 million in the previous year. Key points were as follows:

- Cycle & Carriage Singapore contributed US\$29 million, 58% up from the previous year, supported by higher profits from its premium and used car operations, which were less impacted than its mass market operations by high Certificate of Entitlement ("COE") prices. Total passenger car sales fell 10% to 6,783 units, with market share decreased from 17% to 15%.
- In Indonesia, Tunas Ridean contributed US\$16 million, compared to US\$1 million last year, mainly due to higher profits from its automotive and financial services businesses.
- Cycle & Carriage Bintang in Malaysia contributed a profit of US\$1 million, compared to a loss of US\$1 million in the previous year.





## Other Strategic Interests

Other Strategic Interests contributed US\$151 million, 26% up on the previous year. Key points were as follows:

- THACO contributed a profit of US\$62 million, 60% higher than the previous year, mainly due to stronger automotive results, as margins benefited from an improved sales mix which offset a 5% decline in unit sales.
- Refrigeration Electrical Engineering Corporation's contribution of US\$22 million was 8% higher than the previous year, mainly due to improved performances from its power and water investments as a result of favourable hydrography.
- The contribution from Siam City Cement ("SCCC") was US\$28 million, 18% up from 2020, mainly due to a reduction in corporate tax rates in respect of its Sri Lanka operations. Excluding the favourable tax impact, SCCC's contribution would have been flat, with the benefit of continued cost-saving initiatives offset by continued lower cement volumes, as market demand was affected by the pandemic, and reduced margins as a result of an increase in coal prices.

- The Group's investment in Vinamilk delivered a dividend income of US\$39 million. Vinamilk reported a 5% decrease in net profit mainly due to higher input and transportation costs.



## Corporate Costs

Corporate costs increased from US\$14 million in 2020 to US\$59 million, primarily due to the impact on costs of the translation of foreign currency loans, which led to a foreign exchange loss of US\$28 million in 2021, compared to a gain of US\$24 million in the previous year.

## Summary

We saw a strong recovery across the JC&C portfolio in 2021 and I am encouraged that we have achieved results which are close to the Group's pre-pandemic 2019 performance. Overall, we are pleased that the portfolio has demonstrated resilience during these challenging times.

### Ben Birks

Group Managing Director

# Group Finance Director's Review

## Accounting Policies

The Company and Group accounts have been prepared under the dual compliance framework of both Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS"), collectively referred to as "IFRS". The Directors continue to review the appropriateness of the accounting policies adopted by the Group, having regard to developments in IFRS. From 1st January 2021, the Group has adopted the new or amended IFRS and Interpretations of IFRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and Interpretations of IFRS.

The adoption of these new or amended IFRS and Interpretations of IFRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## Results

In 2021, the Group's revenue increased by 34% to US\$17.7 billion, mainly due to improvement in Astra's automotive and heavy equipment, mining, construction & energy businesses. Direct Motor Interests also reported higher revenue particularly in Singapore. The Group's gross revenue, including 100% of revenue from associates and joint ventures, which is a measure of the full

extent of the Group's operations, increased by 31% to US\$37.2 billion, which also saw higher revenue from Astra's associates and joint ventures mainly from the automotive businesses.

Underlying operating profit from the Group's parent company and subsidiaries of US\$1,831 million was 84% higher than the previous year. Astra's underlying operating profit increased by 94% to US\$1,789 million compared to the previous year, largely contributed by its automotive, financial services, and heavy equipment, mining, construction & energy businesses. The Group's Direct Motor Interests also saw a 58% increase in contribution mainly due to higher profit by Cycle & Carriage Singapore. Dividends from Vinamilk contributed US\$39 million. Corporate costs excluding net financing charges were higher mainly due to exchange loss arising from the translation of foreign currency loans compared to exchange gain in the previous year.

Net financing charges, excluding those relating to the Group's consumer finance and leasing activities, decreased by US\$85 million to US\$52 million, mainly due to lower interest rates at the Group's parent company and improved funding positions at Astra's parent company as well as Astra's heavy equipment, mining, construction & energy operations. Interest cover\* excluding the financial services companies increased significantly to 38 times (2020: 8 times), as a result of higher profit and lower net financing charges.

The Group's share of underlying results of associates and joint ventures more than doubled to US\$581 million. Contributions from Astra's associates and joint ventures

	2021			2020		
	Underlying profit US\$m	Non-trading items US\$m	Total US\$m	Underlying profit US\$m	Non-trading items US\$m	Total US\$m
Revenue	17,688	–	17,688	13,234	–	13,234
Operating profit	1,831	(136)	1,695	996	521	1,517
Net financing charges	(52)	–	(52)	(137)	–	(137)
Share of results of associates and joint ventures	580	10	590	287	(187)	100
Profit before tax	2,359	(126)	2,233	1,146	334	1,480
Tax	(514)	(1)	(515)	(231)	(4)	(235)
Profit after tax	1,845	(127)	1,718	915	330	1,245
Attributable to:						
Shareholders of the Company	786	(125)	661	429	111	540
Non-controlling interests	1,059	(2)	1,057	486	219	705
	1,845	(127)	1,718	915	330	1,245

\* Calculated as underlying profit before the deduction of amortisation/depreciation of right-of-use assets, net of actual lease payments, and share of results of associates and joint ventures divided by net financing charges excluding interest on lease liabilities.

increased by US\$250 million mainly due to improved performances by its automotive businesses. The contribution from Direct Motor Interests' joint ventures increased by US\$14 million mainly due to higher profits in Tunas Ridean. In Other Strategic Interests, the contribution from Refrigeration Electrical Engineering Corporation ("REE") was higher than the previous year mainly due to improved performances from its power and water investments as a result of favourable hydrography. The contribution from Siam City Cement ("SCCC") increased mainly due to a reduction in corporate tax rates in respect of its Sri Lanka operations. THACO reported 60% higher profit than the previous year, mainly due to stronger automotive results.

The underlying effective tax rate of the Group in 2021, excluding associates and joint ventures was 29%.

The Group's underlying profit attributable to shareholders for the year was 83% higher at US\$786 million.

## Non-trading items

In 2021, the Group had a net non-trading loss of US\$125 million as compared to a non-trading gain of US\$111 million in 2020. These non-trading items in 2021 comprise mainly the unrealised fair value loss related to non-current investments. In 2020, the non-trading items included a US\$188 million gain on the disposal of Astra's investment in Permata Bank and unrealised fair value gains related to non-current investments, partly offset by an impairment loss of US\$182 million in respect of the Group's investment in SCCC.

## Dividends

The Board is recommending a final one-tier tax exempt dividend of US¢62 per share (2020: US¢34 per share) which together with the interim dividend, will produce total dividend of US¢80 per share (2019: US¢43 per share) for the year. The final dividend will be payable on 29th June 2022, subject to approval at the Annual General Meeting to be held on 27th April 2022, to those persons registered as shareholders, on 31st May 2022. Dividends are usually declared on a semi-annual basis for every six-month period ending 30th June (in respect of an interim dividend) and 31st December (in respect of a final dividend).

## Cash Flow

### Summarised Cash Flow

	2021 US\$m	2020 US\$m
Operating cash flow	2,684	2,468
Dividends from associates and joint ventures	344	286
Cash flow from operating activities	3,028	2,754
Capital expenditure and investments	(966)	(1,033)
Disposals	278	1,618
Cash flow from investing activities	(688)	585
Cash flow before financing activities	2,340	3,339

Cash inflow from the Group's operating activities was US\$3.0 billion, US\$0.2 billion higher than the previous year, mainly due to improved profit and higher dividends received from associates and joint ventures.

Cash outflow from investing activities before disposals amounted to US\$1.0 billion, and this included the following:

- US\$119 million for the purchase of intangible assets, which included mainly US\$36 million for the acquisition costs of contracts in Astra's general insurance business and US\$63 million for the mining exploration costs in Astra's mining business;
- US\$349 million of property, plant and equipment comprising mainly US\$187 million of heavy equipment and machinery for Astra's heavy equipment and mining, construction & energy businesses, US\$49 million of equipment and network development for its automotive businesses, and US\$53 million for its agribusiness;
- US\$32 million for additions to bearer plants in Astra;
- US\$77 million for acquisitions and capital injections into various subsidiaries, associates and joint ventures; and
- US\$375 million for investments mainly by Astra's insurance business.

The contribution to the Group's cash flow from disposals for the year amounted to US\$0.3 billion, which arose mainly from the sale of investments by Astra's general insurance business. In 2020, the Group's cash flow from disposals of US\$1.6 billion included the sale of Astra's 44.6% interest in Permata Bank.

## Group Finance Director's Review

### Treasury Policy

The Group manages its exposure to financial risks using a variety of techniques and instruments. The main objectives are to limit foreign exchange and interest rate risks to provide a degree of certainty about costs. The investment of the Group's cash resources is managed so as to minimise risk, while seeking to enhance yield. Appropriate credit guidelines are in place to manage counterparty risk.

When economically sensible to do so, borrowings are taken in local currency to hedge foreign exchange exposures on investments. A portion of borrowings is denominated in fixed rates. Adequate headroom in committed facilities is maintained to facilitate the Group's capacity to pursue new investment opportunities and to provide some protection against market uncertainties. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt from banks and capital markets, both short and long term in tenor, to give flexibility to develop the business.

The Group's treasury operations are managed as cost centres and are not permitted to undertake speculative transactions unrelated to underlying financial exposures.

The Group's financial risk factors are set out on pages 91 to 96.

### Funding

The Group is well-financed with strong liquidity. The Group's consolidated net cash, excluding Astra's financial services subsidiaries, was US\$0.8 billion at the end of December 2021, as compared to net debt of US\$0.9 billion at the end of 2020, with gearing at 6%. Net debt within Astra's financial services subsidiaries decreased from US\$2.8 billion to US\$2.7 billion. JC&C corporate net debt was US\$1.5 billion, similar to the previous year-end.

At the year-end, the Group had undrawn committed facilities of some US\$2.4 billion. In addition, the Group had available liquid funds of US\$4.6 billion.

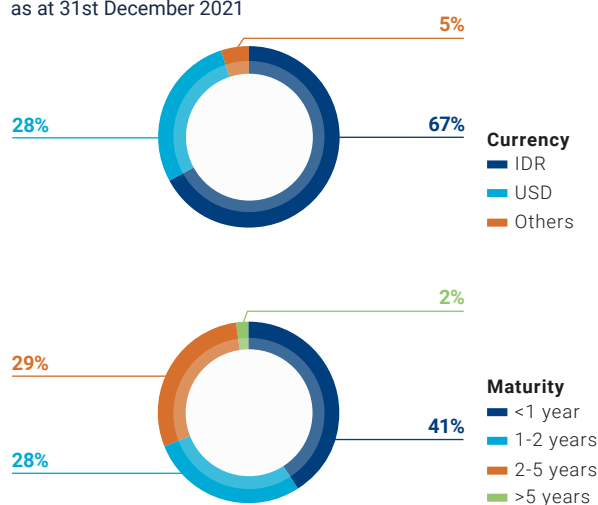
72% of the Group's borrowings were non-US dollar denominated and directly related to the Group's businesses in the countries of the currencies concerned. At the year-end, approximately 42% of the Group's borrowings, excluding Astra's financial services companies, were at floating rates and the remaining 58% were at fixed rates including those hedged with derivative instruments with major creditworthy financial institutions. For Astra's financial services companies, 94% of their borrowings were at fixed rates.

### Net Debt\* and Total Equity (US\$ billion)



\* Excluding net debt of Astra's financial services companies

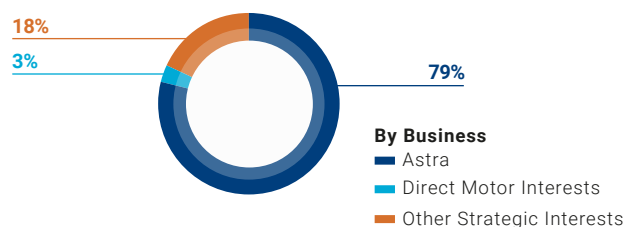
### Debt profile as at 31st December 2021



### Shareholders' Funds

Shareholders' funds as at 31st December 2021 are analysed by business. There were no significant changes from the prior year.

#### By Business



### Risk Management Review

A review of the major risks facing the Group is set out on pages 44 to 46.

**Stephen Gore**  
Group Finance Director



**Benjamin Keswick**  
Non-Executive Chairman



Mr Keswick, 49, was appointed Chairman on 1st April 2012. He was last re-elected as a director on 27th April 2021. He is a member of the Nominating Committee and Remuneration Committee. He was Group Managing Director from 1st April 2007 to 31st March 2012.

Mr Keswick is the Executive Chairman of Jardine Matheson Holdings and Chairman of Dairy Farm, Hongkong Land and Mandarin Oriental. He is also a commissioner of Astra and a director of Yonghui Superstores.

He has been with the Jardine Matheson Group since 1998, undertaking a variety of roles before being appointed as Finance Director and then Chief Executive Officer of Jardine Pacific between 2003 and 2007. He was the Managing Director of Jardine Matheson Holdings, Jardine Strategic Holdings, Dairy Farm, Hongkong Land and Mandarin Oriental from 2012 to 2020. He was also formerly the Executive Chairman of Jardine Strategic Holdings.

Mr Keswick graduated from Newcastle University with a Bachelor of Science degree in Agricultural Economics and Food Marketing and obtained a Master of Business Administration degree from INSEAD.

#### Past directorships in listed companies in the last three years:

- Jardine Strategic Holdings



**Benjamin Birks**  
Group Managing Director

Mr Birks, 48, was appointed Group Managing Director on 1st October 2019. He was last re-elected as a Director on 22nd May 2020.

He joined Jardine Matheson in 2000 and has held senior positions within the retail, automotive, business outsourcing and IT businesses of the Jardine Matheson Group. Prior to his current appointment, he was the Chief Executive of Jardine International Motors, Zung Fu Group and Jardine Pacific between 2012 to 2019.

Mr Birks is a commissioner of Astra and United Tractors. He is also the Chairman of MINDSET, a registered charity of Jardine Matheson in Singapore. He was previously a director of Siam City Cement and Refrigeration Electrical Engineering Corporation.

He graduated from the University of St Andrews in Scotland with a Master of Arts (Honours) and has completed the General Management Programme at Harvard Business School.

#### Past directorships in listed companies in the last three years:

- Siam City Cement
- Refrigeration Electrical Engineering Corporation



**Stephen Gore**  
Group Finance Director

Mr Gore, 50, was appointed Group Finance Director on 1st April 2019 and was last re-elected as a director on 27th April 2021.

He joined the Jardine Matheson Group in 2017 as Chief Financial Officer, Jardine Pacific and Jardine Motors Group. He was previously Managing Director, Head of Mergers & Acquisitions and Financial Sponsors Group, Asia Pacific at Bank of America Merrill Lynch from 2012 to 2017. Prior to that, he was Managing Director, Head of Mergers & Acquisitions and Corporate Finance, Asia at UBS AG's Investment Bank Division.

Mr Gore is a commissioner of Astra and a director of Truong Hai Group Corporation, Siam City Cement and Refrigeration Electrical Engineering Corporation.

He graduated from the University of Oxford with a Bachelor of Arts (Honours) degree in Politics, Philosophy and Economics.

#### Past directorships in listed companies in the last three years:

- Nil



## Board of Directors



### Michael Kok

Non-Executive and Independent Director

RC

Mr Kok, 70, joined the Board on 1st April 2013 and was last re-elected as a director on 22nd May 2020. He is the Chairman of the Remuneration Committee.

He was Group Chief Executive of Dairy Farm from 2007 until he retired from executive office in December 2012. He joined Dairy Farm in 1987 and has extensive experience in the retail industry in Asia. As a director of Dairy Farm Management Services from 1997 to 2012, he had prime responsibility for its retail businesses in Asia.

He is also a director of SATS and Mapletree North Asia Commercial Trust Management. He was formerly a director of Dairy Farm International Holdings.

Mr Kok has completed the Senior Management Programme at London Business School and the Advanced Management Programme at Harvard Business School.

#### Past directorships in listed companies in the last three years:

- Dairy Farm International Holdings



### Mrs Lim Hwee Hua

Non-Executive and Lead Independent Director

NC AC RC

Mrs Lim, 63, joined the Board on 29th July 2011 and was last re-elected as a director on 27th April 2021. She is the Lead Independent Director, Chairperson of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

She is Co-Chairman of Tembusu Partners and Chairman of Asia-Pacific Exchange, as well as a director of Summit Power International and Ramky Enviro Engineers. Mrs Lim is also a senior advisor to Kohlberg Kravis Roberts & Co, a Distinguished Visiting Fellow of National University of Singapore Business School and the Lee Kuan Yew School of Public Policy, and Vice Chairman of the Board of Trustees of International Valuation Standards Council.

She was first elected to the Singapore Parliament in December 1996 and served till May 2011, the last appointment as Minister in the Prime Minister's Office and concurrently as Second Minister for Finance and Transport. Prior to that, she had a varied career in financial services, including with Temasek Holdings, Jardine Fleming and Swiss Bank Corporation.

Mrs Lim has a Master/Bachelor of Arts (Honours) in Mathematics/Engineering from Cambridge University and a Master of Business Administration from the University of California at Los Angeles.

#### Past directorships in listed companies in the last three years:

- United Overseas Bank



### Dr Marty Natalegawa

Non-Executive and Independent Director

NC

Dr Natalegawa, 58, joined the Board on 24th February 2015 and was last re-elected as a director on 26th April 2019. He is a member of the Nominating Committee.

He is an Independent Commissioner of Prudential Life Assurance (Prudential Indonesia) and a member of the Honorary Board of the Bank of Indonesia Institute of the Indonesian Central Bank. He is also a member of the United Nations Secretary-General's High-Level Advisory Board on Mediation and the Advisory Board on Disarmament Matters. He was previously Indonesia's Foreign Minister from 2009 to 2014.

He is also on the Board of Directors of the Global Centre for Pluralism, Ottawa, and is a Distinguished Fellow of Asia Society Policy Institute (New York). He previously served as a Prominent Research Scholar of the Bank of Indonesia Institute.

Dr Natalegawa obtained a Doctor of Philosophy from the Australian National University, a Master of Philosophy from Cambridge University, and a Bachelor of Science (Honours) from the London School of Economics and Political Science.

#### Past directorships in listed companies in the last three years:

- Nil

#### Committee Membership:

AC

Audit Committee

NC

Nominating Committee

RC

Remuneration Committee

Chairman

Member



### Anthony Nightingale

Non-Executive Director

Mr Nightingale, 74, joined the Board on 2nd February 1993 and was Chairman from 27th November 2002 to 31st March 2012. He was last re-elected as a director on 22nd May 2020.

Mr Nightingale was Managing Director of Jardine Matheson Holdings, Dairy Farm, Hongkong Land and Mandarin Oriental until he retired from executive office in March 2012. He remains a non-executive director of Jardine Matheson Holdings, Dairy Farm and Hongkong Land and is a commissioner of Astra.

He is also a director of Prudential plc, Vitasoy International Holdings and Shui On Land. Mr Nightingale is a member of the HKSAR Chief Executive's Council of Advisers on Innovation and Strategic Development and the Chairperson of The Sailors Home and Missions to Seafarers in Hong Kong. He was a past chairman of the Hong Kong General Chamber of Commerce.

He holds a degree in Classics from Cambridge University.

#### Past directorships in listed companies in the last three years:

- Jardine Strategic Holdings
- Mandarin Oriental International
- Schindler Holding



### Steven Phan

Non-Executive and Independent Director



Mr Phan, 63, joined the Board on 25th April 2019 and was last re-elected as a director on 26th April 2019. He is the Chairman of the Audit Committee.

Mr Phan has over 37 years of auditing and advisory experience with firms Ernst & Young and Arthur Andersen, of which close to a decade was spent overseas. Prior to his retirement in June 2018, Mr Phan was the Area Managing Partner for Ernst & Young Asia Pacific and had overall responsibility for the organisation in the area. He was also a member of Ernst & Young's global leadership team, the Global Executive.

Mr Phan is a director of United Overseas Bank, Advanced MedTech Holdings and the Singapore Accountancy Commission. He is also a fellow member of the Institute of Singapore Chartered Accountants and was a member of the Institute of Chartered Accountants in England and Wales.

He graduated from the University of Aston, United Kingdom, with a Bachelor of Science in Managerial and Administrative Studies.

#### Past directorships in listed companies in the last three years:

- Nil

## Board of Directors



### Tan Yen Yen

Non-Executive and  
Independent Director



Ms Tan, 56, joined the Board on 1st January 2021 and was last re-elected as a director on 27th April 2021. She is a member of the Remuneration Committee.

Ms Tan was the President (Asia Pacific) of Vodafone Singapore until her retirement in 2020. Prior to that, she held senior executive positions at SAS Institute, Oracle Corporation and Hewlett-Packard. She has played an active role in Singapore's infocomm industry, having served as Chairman of the Singapore Infocomm Technology Federation and board member of Infocomm Development Authority of Singapore.

Ms Tan is a director of Singapore Press Holdings, Oversea-Chinese Banking Corporation, InCorp Global, ams OSRAM AG (SIX Swiss) and Barry Callebaut AG (SIX Swiss). She is also the Chairman of the Singapore Science Centre and the High Performance Sports SpexBusiness Network Advisory Board for Sports SG, and Advisory Board Member of the National University of Singapore's School of Computing.

She holds an Executive MBA from Helsinki School of Economics Executive Education and a Bachelor of Science (Computer Science) from the National University of Singapore.

#### Past directorships in listed companies in the last three years:

- Gemalto NV



### Samuel Tsien

Non-Executive and  
Independent Director



Mr Tsien, 67, joined the Board on 1st October 2021. He is a member of the Audit Committee.

Mr Tsien is the Adviser to the Board of Oversea-Chinese Banking Corporation ("OCBC Bank") and a director of Mapletree Investments and OCBC Wing Hang Bank. He was Group Chief Executive Officer and director of OCBC Bank until his retirement in April 2021. Before joining OCBC Bank in 2007, Mr Tsien was President and CEO of China Construction Bank (Asia) and Bank of America (Asia) respectively from 1995 to 2007.

Prior to his retirement, Mr Tsien was concurrently Chairman of the Association of Banks in Singapore and Vice Chairman of the Council of the Institute of Banking and Finance. He also held several financial services industry leadership roles by appointment of the Monetary Authority of Singapore and was a member of the National Jobs Council.

He graduated from the University of California at Los Angeles with a Bachelor of Arts (Honours) degree in Economics and is a Distinguished Fellow of the Institute of Banking and Finance, Singapore.

#### Past directorships in listed companies in the last three years:

- Oversea-Chinese Banking Corporation
- Great Eastern Holdings
- Bank OCBC NISP

#### Notes:

1. Information as at 18th March 2022.
2. At the 53rd Annual General Meeting to be held in 2022, Dr Marty Natalegawa, Mr Steven Phan and Mr Benjamin Birks shall retire and be eligible for re-election pursuant to article 94 of JC&C's Constitution, and Mr Samuel Tsien shall retire and be eligible for re-election pursuant to article 100 of JC&C's Constitution. They are submitting themselves for re-election.

#### Committee Membership:



Audit Committee



Nominating Committee



Remuneration Committee



Chairman



Member



**Benjamin Birks**  
Group Managing Director

Please refer to information on the Board of Directors on page 27.



**Stephen Gore**  
Group Finance Director

Please refer to information on the Board of Directors on page 27.



**Cheah Kim Teck**  
Director,  
Business Development

Mr Cheah, 70, is Director, Business Development since January 2014. He is responsible for overseeing the Group's investment in Truong Hai Group Corporation and developing new lines of business for the Group in the region.

Prior to that, he was Chief Executive Officer of the Group's motor operations excluding those held by Astra, until he stepped down from his position in December 2013. Mr Cheah also served on the Board of Jardine Cycle & Carriage from 2005 until he retired as director in 2014. He is a director of Truong Hai Group Corporation and Mapletree Investments.

Prior to joining the Group, he held several senior marketing positions in multinational companies, namely, McDonald's Restaurant, Kentucky Fried Chicken and Coca-Cola.

Mr Cheah was conferred The Public Service Star and The Public Service Medal by the President of Singapore in 2016 and 2012 respectively, for his distinguished achievements and valuable public service.

He holds a Master of Marketing degree from Lancaster University, United Kingdom.

## Key Management

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### Jeffery Tan

Group General Counsel;  
Chief Sustainability Officer;  
Director of Legal & Corporate  
Affairs; and Company Secretary

Mr Tan, 60, is Group General Counsel; Chief Sustainability Officer; Director of Legal & Corporate Affairs; and Company Secretary since April 2016. He is responsible for legal, compliance, company secretarial, sustainability matters, communications and public affairs at the Group level. He is also the Chief Executive Officer and Company Secretary of MINDSET, a registered charity of Jardine Matheson in Singapore.

He was previously Group General Counsel, Chief Compliance Officer and Board Secretary for UTAC Holdings Ltd. Prior to that, he has over 20 years of legal experience with Allen & Gledhill, DLA Piper, Siemens and Motorola. He was also President of Motorola Singapore for five years.

He is a Board Member of the Singapore International Chamber of Commerce, City Mental Health Alliance Singapore and One Mind Global Guiding Council.

Mr Tan has an LLB (Honours) from the National University of Singapore. He is a senior Advocate & Solicitor of the Supreme Court of Singapore, and a senior Solicitor of England & Wales. He also completed the Senior Executive Management Program at Northwestern University – Kellogg School of Management and the Driving Strategic Innovation Program by MIT's Sloan School of Management and IMD.

### Key Management – Subsidiaries & Associates

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ASTRA  
Djony Bunarto Tjondro  
(President Director)

CYCLE & CARRIAGE SINGAPORE  
Wilfrid Foo (Managing Director)

CYCLE & CARRIAGE BINTANG  
Thomas Tok (Chief Executive Officer)

CYCLE & CARRIAGE MYANMAR  
Adrian Short (General Manager)

TUNAS RIDEAN  
Rico Setiawan (President Director)

TRUONG HAI GROUP CORPORATION  
Tran Ba Duong (Chairman)

REFRIGERATION ELECTRICAL  
ENGINEERING CORPORATION  
Nguyen Thi Mai Thanh  
(Chairwoman)

SIAM CITY CEMENT  
Aidan John Lynam  
(Group Chief Executive Officer)



The JC&C Board collectively holds the view that sound corporate governance is integral to the Company's success. JC&C has in place corporate governance policies, practices and terms of reference for the Board, Audit Committee, Nominating Committee and Remuneration Committee. These are closely in line with the principles prescribed by the Code of Corporate Governance 2018 (the "Corporate Governance Code"). They are continually reviewed and refined in line with new and changing requirements.

This report describes the corporate governance practices of JC&C for the financial year ended 31st December 2021 ("2021"). JC&C has complied in all material aspects with the principles and guidelines of the Corporate Governance Code.

## Board Responsibilities

### Size, Composition and Independence

In 2021, the Board comprised 11 directors, eight of whom were independent directors and three were non-independent. The Board was led by a non-independent Chairman who represented the major shareholder of JC&C. Two other non-independent directors held executive positions, namely the Group Managing Director and the Group Finance Director. The remaining eight Board members were all independent directors and made up the majority of the Board.

Board Composition in 2021:

Director	Board Position	Status
Benjamin Keswick	Chairman	Non-independent
Benjamin Birks	Group Managing Director	Non-independent
Stephen Gore	Group Finance Director	Non-independent
Michael Kok	Member	Non-executive
Mrs Lim Hwee Hua <sup>1</sup>	Member	Non-executive
Vimala Menon <sup>2</sup>	2021 Lead Independent Director	Non-executive
Dr Marty Natalegawa	Member	Non-executive
Anthony Nightingale	Member	Non-executive
Steven Phan	Member	Non-executive
Tan Yen Yen <sup>3</sup>	Member	Non-executive
Samuel Tsien <sup>4</sup>	Member	Non-executive

<sup>1</sup> Became Lead Independent Director on 1st January 2022 succeeding Vimala Menon

<sup>2</sup> Stepped down from the Board on 30th December 2021. Was Lead Independent Director up to 30th December 2021

<sup>3</sup> Joined the Board on 1st January 2021

<sup>4</sup> Joined the Board on 1st October 2021

Key for Status

● Non-executive ● Executive ● Non-independent ● Independent

No alternate director has been appointed to the Board.

### Separate Chairman and Group Managing Director (CEO)

The Chairman of the Board is a separate role from that of the Group Managing Director and both roles are held by different individuals who are not related to each other. In 2021, the Chairman of the Board was Benjamin Keswick and the Group Managing Director was Benjamin Birks.

There is a clear division of responsibilities between the two roles to ensure effective oversight, an appropriate balance of power, increased accountability and more independent decision-making. The Chairman occupies a non-executive position, leads the Board and oversees all of its functions to ensure that the Board performs effectively in its role. The Group Managing Director is the chief executive officer of the organisation who manages JC&C's day-to-day business in accordance with the strategies, budgets and plans approved by the Board.

### Lead Independent Director

Since the Chairman is not an independent director, a lead independent director has been appointed to provide shareholders with an independent channel for contact with JC&C, and to lead the non-executive Directors in situations where the Chairman may be conflicted. Vimala Menon was the Lead Independent Director for 2021 and she was succeeded by Mrs Lim Hwee Hua on 1st January 2022.

### Board Diversity Policy

JC&C believes that a Board with the appropriate balance and mix of diversity will enhance the Board's decision-making and the Group's performance. It has embraced diversity on the Board for many years, as evidenced by the diversity of its members who are from different professional and business backgrounds, as well as gender, ethnicity, geography, nationality, age, and length of service on the Board.

JC&C remains committed to maintaining and continually strengthening this diversity, and has set this out in its Board's Diversity Policy.

Under the policy, the Nominating Committee leads the annual process of Board succession planning, appointment and re-appointment of directors and makes its recommendations to the Board accordingly. It continually reviews and ensures an adequate mix of competencies among the Board members in terms of skills, knowledge and experience to meet the Board's responsibilities and ensure it can effectively lead. Other important aspects of diversity such as gender, age, ethnicity, geography, nationality and tenure of service on the Board are also considered in determining the Board's optimum composition and to ensure the breadth of viewpoints. Where relevant, objectives may be set and monitored.

In line with this, the Nominating Committee will strive to consider candidates from different groups and backgrounds. All director appointments will ultimately be made based on merit, having due regard to the overall balance and effectiveness of the Board, and the benefits of Board diversity for JC&C.

The Nominating Committee will monitor the implementation of this policy and report on the Board's composition in terms of diversity annually. It will also review the effectiveness of this policy, and discuss and recommend any changes to the Board, as appropriate.

### Board Competencies

The Board members collectively have many years of skills and experience in investments, strategic planning and management, finance, risk management and national policies, having previously served as heads of businesses and in government-appointed roles. These areas are essential to JC&C, an investment holding company with interests in diversified market-leading businesses across Southeast Asia. Several directors, including the independent directors, are also experienced in managing automotive and consumer-related businesses relevant to JC&C's interests. Besides these competencies, the Board members have a range of critical skills in the areas of accounting, human resource management, legal and regulatory, innovation, sustainability, customer-based experience and international relations.

Please refer to pages 27 to 30 of this Annual Report for details of the directors' professional backgrounds.

### Orientation Programme for New Directors

Each new director who joins the Board undergoes a comprehensive orientation programme that includes introduction and briefing sessions by the Group Managing Director and the heads of the various key functions and business units, including finance and legal. Besides being briefed on the Group's businesses, the new director will also receive a formal appointment letter and information regarding his or her duties as a director of a listed company and how to discharge those duties. For first-time directors, JC&C will tailor a programme that will include training under the Singapore Institute of Directors' Listed Company Director Programme, the training prescribed by the Singapore Exchange.

### Board Duties and Responsibilities

The Board has adopted a comprehensive set of Terms of Reference defining its roles and responsibilities:

#### (i) Strategy, Planning and Sustainability

The Board provides entrepreneurial leadership and sets strategic objectives, including an appropriate focus on value creation, innovation and sustainability. It ensures that the necessary resources are available to meet these objectives.

#### (ii) Risk Management and Internal Control Systems

The Board works with management to oversee JC&C's businesses and affairs to safeguard the interests of JC&C, its shareholders and stakeholders. It is responsible for the governance of risks and ensures that JC&C has adequate and effective systems of internal controls (including financial, operation, compliance and information technology controls) and risk management, including regularly reviewing risk management and internal audit reports. Please refer to the *Risk Management and Internal Control Systems* section on page 42 for further details.

#### (iii) Measuring and Monitoring Performance

The Board ensures proper financial reporting and reviews JC&C's results announcements, including interim management statements, before their release to ensure that they present a balanced and understandable assessment of the Group's performance, position and prospects. The Board receives monthly management accounts and information, enabling it to make a balanced and informed assessment throughout the year. The Board also has oversight over the Group's non-financial performance indicators. As Environment, Social & Governance ("ESG") metrics and targets are defined and refined, the Board will continue to receive regular updates from management.

The Board constructively challenges and reviews the performance of management, who is accountable to the Board for both financial and non-financial performance indicators.

#### (iv) Remuneration of Directors and Key Management Personnel

The Board is responsible for reviewing and approving the remuneration framework for the directors and key management personnel, and ensures that remuneration levels and structures are appropriate and proportionate to sustain

JC&C's performance and value creation in view of its strategic objectives. Please refer to pages 39 to 41 for further details.

### (v) Transactions Requiring Approval from the Board

The Board reviews and approves important matters specifically reserved for its approval. These include acquisitions, disposals, capital expenditure, lease commitments, financial assistance, capital investment, bank facilities and derivative transactions which are material in nature as per the specified limits. The Board also approves the operating plan and budget. To safeguard JC&C's and shareholders' interests, there are internal guidelines on financial authorisations and approval limits for various operational matters. Significant matters and material transactions exceeding the threshold limits are referred to the Board for review and approval, including major and discloseable transactions as referred to in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST Listing Manual**"). Matters below the threshold limits are approved by the various levels of management according to the applicable financial authority limits.

### (vi) Succession Planning

The Board provides for the annual succession planning of key management personnel, the appointment and re-appointment of directors, and the progressive renewal of the Board. Please refer to the *Board Succession Planning, Appointments and Re-elections* section on pages 37 to 38 and *Key Management Succession Planning* section on page 39 for further details.

### (vii) Business Ethics, Code of Conduct and Conflicts of Interest

The Board instils an ethical corporate culture and sets JC&C's values and standards of doing business through its Code of Conduct and other compliance policies. It monitors and ensures proper accountability from management through various internal controls and reporting mechanisms to deter non-compliance and reduce exposure to unethical opportunities. Please refer to the *Risk Management and Internal Control Systems* section on page 42 and the *Code of Conduct, Transparency, Anti-Corruption and Bribery and Whistle-Blowing Policy* sections on page 49 for further details.

The Board also ensures that directors facing conflicts of interest recuse themselves from Board-level discussions and decisions. Please refer to the *Management of Conflicts of Interest* section on page 48 for further details.

### (viii) Shareholders' Rights and Engagement

The Board ensures that JC&C regards all shareholders fairly and equitably as well as facilitates the exercise of the shareholders' ownership rights including having the opportunity to communicate their views and participate during general meetings and other dialogues. An investor relations policy has been established for regular engagement, and fair and effective communication with shareholders. Please refer to the *Rights of Shareholders* section (which includes the Dividend Policy) on pages 46 to 48 and the *Investor Relations, Medium of Communication and Results Briefings* section on pages 51 to 52 for further details.

**In 2021, JC&C was named Runner-up for Shareholder Communication Excellence Award: Big Cap at the Securities Investors Association (Singapore)'s Investors' Choice Awards.**

### (ix) Engagement with Stakeholders

Focusing on the best interests of JC&C, the Board ensures that the needs and interests of JC&C's material stakeholders are taken into consideration and that arrangements are in place to manage them. Please refer to the *Engagement with Stakeholders* section on pages 48 to 51 for further details on the key areas of focus.

### Board and Committee Meetings and Attendance

In 2021, the Board met regularly every quarter to deliberate upon and approve the matters as set out under the *Board Duties and Responsibilities* section above.

Board and Committee	Number of meetings in 2021
Board (4 Board meetings and 1 Board strategy meeting)	5
Audit Committee	4
Nominating Committee	2
Remuneration Committee	2

## Corporate Governance

Please see below for each director's attendance at the Board and committee meetings and the Annual General Meeting ("AGM") of 2021:

Director	No. of meetings in 2021 attended / held whilst in office				
	Board	AGM	Audit Committee	Nominating Committee	Remuneration Committee
<b>Benjamin Keswick</b> (Chairman of the Board)	5 / 5	1	–	2 / 2	2 / 2
<b>Benjamin Birks</b> (Group Managing Director)	5 / 5	1	4 / 4 <sup>#</sup>	2 / 2 <sup>#</sup>	2 / 2 <sup>#</sup>
<b>Stephen Gore</b> (Group Finance Director)	5 / 5	1	4 / 4 <sup>#</sup>	–	–
<b>Michael Kok</b> (Remuneration Committee Chairman)	5 / 5	1	–	–	2 / 2
<b>Mrs Lim Hwee Hua</b> <sup>1</sup> (Nominating Committee Chairperson & 2022 Lead Independent Director)	5 / 5	1	4 / 4	2 / 2	–
<b>Vimala Menon</b> <sup>2</sup> (Former Audit Committee Chairperson & 2021 Lead Independent Director)	5 / 5	1	4 / 4	1 / 1	1 / 1
<b>Dr Marty Natalegawa</b>	4 / 5	1	–	2 / 2	–
<b>Anthony Nightingale</b>	4 / 5	1	–	–	–
<b>Steven Phan</b> <sup>3</sup> (Current Audit Committee Chairman)	5 / 5	1	4 / 4	–	–
<b>Tan Yen Yen</b> <sup>4</sup>	5 / 5	1	–	–	2 / 2
<b>Samuel Tsien</b> <sup>5</sup>	1 / 1	–	1 / 1	–	–

<sup>#</sup> Attended not as a member but on *ex officio* basis

<sup>1</sup> Became Lead independent Director and joined the Remuneration Committee on 1st January 2022

<sup>2</sup> Was Audit Committee Chairperson up to 30th September 2021, and thereafter, was Audit Committee member. Was Lead Independent Director up to 30th December 2021. Stepped down from the Board on 30th December 2021

<sup>3</sup> Became Audit Committee Chairman on 1st October 2021

<sup>4</sup> Joined the Board on 1st January 2021

<sup>5</sup> Joined the Board on 1st October 2021

The dates of all Board and committee meetings and the AGM are scheduled a year in advance to allow the directors to plan ahead. JC&C's Constitution allows directors to participate in meetings via teleconferencing or video conferencing. Due to safe distancing measures and travel restrictions during the COVID-19 pandemic, which continued in 2021, some of the Board and committee meetings as well as the AGM were conducted by virtual means, with the AGM being held in compliance with prevailing COVID-19 regulations.

### Board's Access to Complete, Adequate and Timely Information

To fulfil their duties, directors have access to complete, adequate and timely information provided by management, including monthly management accounts and regular sustainability updates.

For Board and committee meetings, all directors are provided with a detailed agenda and papers which contain relevant materials, background and explanatory information on each agenda item. Where budgets are concerned, the paper will also address any material variances between the projections and actual results. Minutes of Board and committee meetings are also sent to every member of the Board or committee, respectively.

The meeting agenda and papers are generally made available to the directors at least a week before the scheduled regular meetings to allow adequate preparation time. The materials are digitally available on a secure site which can be conveniently accessed

at any time via handheld devices. Printed copies are also provided for those who prefer them.

Apart from the regular meetings, the Board or committees would pass decisions via circular resolutions on *ad hoc* matters as warranted by circumstances. In such cases, Board and committee papers will be circulated to the directors, giving full information regarding the matter, and management will be available to answer any questions that a director may have.

Management acknowledges that should the information provided in the Board and committee papers not be sufficient for the Board to decide on a particular matter, it is the Board's duty to question and challenge management as part of its oversight function. The Group Managing Director, Group Finance Director and the Company Secretary (who is also the Group General Counsel and Chief Sustainability Officer) are therefore present at all Board and Audit Committee meetings to provide further information or address queries. The Group Managing Director also attends every Nominating and Remuneration Committee meeting with the Company Secretary. JC&C's internal auditors attend every Audit Committee meeting to present their reports and address questions. Management makes available other senior executives at the meetings where the situation warrants. Management also ensures that it is separately and independently accessible to the Board at other times to address queries and provide timely additional information.

In addition, the Board has separate and independent access to the Company Secretary and other members

of senior management. It is also empowered to seek independent professional advice as considered necessary, at JC&C's expense.

## Board Training

Besides timely access to internal information, directors also need to maintain their knowledge and skills and develop new competencies to fulfil their roles effectively. JC&C incorporates opportunities for Board members to update their knowledge in the course of Board and committee meetings and arranges separate training sessions where required. The briefings and training are carried out mainly through live presentations by management, the auditors, external consultants or a Board member who is knowledgeable about a particular subject matter, and are supplemented by specially-written Board papers as well as externally sourced articles and reports.

The range of topics covered in 2021 included market outlook and business trends, accounting standards, risk management, listing rules, sustainability and geopolitics. Some specific areas were:

- Briefings by the external auditor, PricewaterhouseCoopers LLP, on the areas of audit focus and accounting standards that affected JC&C (e.g. IAS 36 and IFRS 9 on impairment testing)
- Updates by the internal auditors on the development of internal control practices and heightened risk areas due to the COVID-19 pandemic
- Training by energy and environment consultants on industry trends and the relevance of the TCFD framework for corporates
- Sharing of materials on topics such as the World Economic Forum's Climate Governance Initiative for corporate boards, ESG leadership on boards and credible decarbonisation pathways for corporates
- Briefing paper on SGX's proposed enhanced disclosures on climate reporting and board diversity

There were no new directors appointed to the Board in 2021 who had no prior experience as a director of an issuer listed on the Singapore Exchange.

## Board Committees

To assist the Board in the discharge of its responsibilities, the Board has established the following committees and delegated specific authority to them whilst retaining overall oversight:

- Nominating Committee
- Remuneration Committee
- Audit Committee

From time to time, the Board also establishes *ad hoc* committees to look into specific matters for operational and business efficiency.

## Nominating Committee

Composition of the Nominating Committee in 2021:

Director	Position	Status
Mrs Lim Hwee Hua <sup>1</sup>	Chairperson	Independent director
Vimala Menon <sup>2</sup>	Member	2021 Lead Independent Director
Dr Marty Natalegawa	Member	Independent director
Benjamin Keswick	Member	Non-independent director

<sup>1</sup> Became Lead Independent Director on 1st January 2022 succeeding Vimala Menon

<sup>2</sup> Was Lead Independent Director up to 30th December 2021. Stepped down from the Board on 30th December 2021

In 2021, the Nominating Committee consisted entirely of non-executive directors, the majority of whom were independent, and it was chaired by an independent director. It also met the minimum size requirement of three members under the Corporate Governance Code.

## Board Succession Planning, Appointments and Re-elections

The Nominating Committee leads the annual process of Board succession planning, appointment and re-appointment of directors and makes its recommendations to the Board accordingly.

One of the cornerstones of the Board's effectiveness and JC&C's success is the relative stability of the Board's composition over the years. Longer-serving Board members amass valuable knowledge of the Group's businesses and can provide strategic direction and oversee management's performance in the medium to long-term. Succession planning at the Board level takes this critical factor into account. Board renewal is carried out progressively with the retirement of long-serving directors and the addition of carefully selected new members every few years to maintain an appropriate balance of skills and experience within JC&C and on the Board.

For new appointments, the candidate is identified via a recommendation by a Board member or management, or sourced through JC&C's extensive network of contacts or external support like search consultants. The candidate should have the requisite skillsets and experience in one or more of the competencies of investments, strategic planning and management, finance, risk management, national policies, accounting, human resource management, legal and regulatory, innovation, sustainability, customer-based experience or international relations, and with experience in Southeast Asia. Additional factors such as integrity and the ability to make independent and sound decisions will be considered. Once identified, a shortlisted candidate will undergo interviews and his or her resume will be presented to the Nominating Committee for assessment of suitability. If found to be suitable, the Nominating Committee will nominate the candidate to the Board for approval.



## Corporate Governance

The Nominating Committee also makes recommendations to the Board on the annual re-election of the directors, taking into account the Board's succession plan. Other factors such as attendance, preparedness, participation and candour during meetings are also considered in the process.

Under JC&C's Constitution, all newly appointed directors are subject to re-election by shareholders at the next AGM. For existing directors, at least one-third of them, including the Group Managing Director and the Group Finance Director, are required to retire by rotation and submit themselves for re-election at each AGM. This means that each director would be submitting himself or herself for re-election about once every two to three years.

At the upcoming AGM in 2022, Dr Marty Natalegawa, Steven Phan and Benjamin Birks will retire pursuant to the one-third rotation rule, and Samuel Tsien will retire pursuant to the rule for newly appointed directors. All the retiring directors will be submitting themselves for re-election. Their names are reflected in the Notice of Annual General Meeting which is published on JC&C's website at [www.jcclgroup.com](http://www.jcclgroup.com) and the Singapore Exchange's website at [www.sgx.com](http://www.sgx.com), and key information about them can be found on pages 27 to 30, 58 to 59 and 171 to 173 of the Annual Report.

### Independent Directors' Assessment

The Nominating Committee is responsible for assessing the independence of the non-executive directors annually, and submits its assessment to the Board for the Board's consideration and declaration of the directors' independence.

In 2021, the Board considered a director to be independent if he or she was independent in conduct, character and judgement, and had no relationship with JC&C, its related corporations, its substantial shareholders (i.e. having at least a 5% interest in JC&C) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of JC&C. Where any of the following circumstances existed, the director would not be considered independent: (i) a director being employed by JC&C or any of its related corporations for the current or any of the past three financial years, or (ii) a director who has an immediate family member who is, or has been in any of the past three financial years, employed by JC&C or any of its related corporations and whose remuneration is determined by the Remuneration Committee. The term 'related corporations' is defined to include major shareholders.

The directors were asked to declare if such relationships or circumstances existed. Apart from these, they were also asked to assess if there existed any circumstances, relationships or other salient factors by reason of which

they would consider themselves to be not independent vis-à-vis JC&C.

A director who was employed by a related corporation (including a major shareholder) of JC&C was not considered to be independent under the SGX-ST Listing Manual. The Board concurred with the Nominating Committee and considered Benjamin Keswick as a non-independent director as he was the Executive Chairman of the Jardine Matheson Group, the 75% major shareholder of JC&C.

The Board concurred with the Nominating Committee and considered the remaining seven directors, namely Anthony Nightingale, Mrs Lim Hwee Hua, Dr Marty Natalegawa, Michael Kok, Vimala Menon, Steven Phan and Samuel Tsien to be independent according to the requirements under the Corporate Governance Code and the SGX-ST Listing Manual.

At the time of the annual review in 2021, the independent directors who had served on the Board beyond nine years were Mrs Lim Hwee Hua, Anthony Nightingale and Vimala Menon. They were subjected to particularly rigorous review with extra considerations as set out below, and the Board concurred with the Nominating Committee's findings that all of them fulfilled these considerations and were considered independent:

- whether the director actively participated in deliberations and spoke out (when necessary) to question management's ideas and proposals to avoid a "group-think" situation;
- whether the director considered himself or herself to be an independent director of JC&C and was free of material business or financial connection with JC&C;
- whether the director had demonstrated independent character and judgement despite his or her long tenure on the Board;
- whether the director had demonstrated attributes which helped provide effective oversight of management, namely, detailed knowledge of JC&C's business and proven commitment, experience and competence; and
- whether JC&C would continue to benefit from the experience and knowledge of the director, taking into account the personal attributes, skills and competency of these directors in relation to the current and future needs of the Board.

With effect from 1st January 2022, all independent directors of JC&C have a term limit of nine years, after which they automatically cease to be independent directors and continue as non-independent directors if they remain on the Board. A director who has served beyond nine years may continue as an independent director if shareholders approve of it via a two-tier vote specifically sought at a general meeting, as allowed under the SGX-ST listing rules.

In accordance with the Board succession plan, shareholders' two-tier vote was obtained in 2021 for Mrs Lim Hwee Hua to continue as an independent director, Anthony Nightingale was re-designated and is currently a non-independent director (effective 1st January 2022), and Vimala Menon has stepped off the Board at the end of 2021. In 2022, Michael Kok is reaching his nine years' tenure and will be stepping off the Board, and no independent director who has served beyond nine years is being put up for the two-tier vote at the upcoming AGM. The majority of the Board continues to be composed of independent directors and the Board in 2022 is compliant with Rule 210(5)(c) of the SGX-ST Listing Manual, which requires the Board to be at least one-third independent and have at least two independent directors.

### Assessment of Board Performance

The assessment of the effectiveness of the Board as a whole, and that of each Board committee and individual director, is carried out on an annual basis. This formal assessment process is overseen by the Nominating Committee.

The assessment is carried out through questionnaires that employ objective performance criteria as recommended by the Nominating Committee and approved by the Board. The performance criteria remain unchanged from year to year unless a review is necessitated in line with any changes to corporate governance requirements and practices, in which case, the Nominating Committee may recommend updates to the questionnaires or assessment process.

Each director is required to complete the questionnaires. The responses are collated and presented to the Nominating Committee for review and discussion, and also shared with the Board. The Nominating Committee, together with the Chairman of the Board, will decide on any follow-up or action plans that may be required.

For the evaluation of the Board's performance as a whole, the questionnaire focuses on the effectiveness of Board practices in relation to its oversight role. The performance criteria cover Board structure, strategy and planning, performance monitoring and enhancement, Board risk management and internal controls, Board procedures and conduct of meetings, information provided to the Board and the Board's interaction as a group, and with management.

The individual director's evaluation covers the following assessment criteria: attendance and adequacy of preparation for Board and Board Committee meetings, maintenance of independence and disclosure of related party transactions, contributions in Board decision-making and the individual's areas of expertise, and generation of constructive debate. The assessment is designed to encourage the director to reflect on his or her performance and contribution during the year.

Each Board committee's assessment reviews its functions and processes, examining areas such as whether the committee has fulfilled its responsibilities as set out in its terms of reference and whether it has met compliance and disclosure requirements. Other assessment criteria include whether the committee size and mix of skills are appropriate, attendance at meetings, generation of constructive debate, rigour of decision-making and availability of information.

### Director's Time Commitment

The Nominating Committee annually assesses whether JC&C's directors who have other principal commitments and who serve on multiple boards are able to and have been diligently discharging his or her duties as a JC&C director. In making this determination, the Nominating Committee considers the results of the director's annual self-evaluation as well as his or her attendance, attentiveness, participation and contribution at Board and Board Committee meetings. The Nominating Committee is satisfied that for 2021, each of the directors gave sufficient time and attention to the affairs of JC&C and was able to effectively discharge his or her duties as a director of JC&C.

The Executive Directors, Benjamin Birks and Stephen Gore, do not hold any external directorships outside the Group.

### Key Management Succession Planning

The Board provides for succession planning of key management personnel. This involves identifying talented candidates within the business and providing training and career planning advice. It is a well thought-out and deliberate process where talent across the Group is developed to ensure proper growth, and exposure is given to the appropriate personnel to prepare them for future roles.

### Remuneration Committee

Composition of the Remuneration Committee in 2021:

Director	Position	Status
Michael Kok	Chairman	Independent director
Vimala Menon <sup>1</sup>	Member	2021 Lead Independent Director
Tan Yen Yen <sup>2</sup>	Member	Independent director
Benjamin Keswick	Member	Non-independent director

<sup>1</sup> Was Lead Independent Director up to 30th December 2021. Stepped down from the Board on 30th December 2021. Mrs Lim Hwee Hua succeeded Vimala Menon as Lead Independent Director and joined the Remuneration Committee on 1st January 2022

<sup>2</sup> Joined the Committee on 1st January 2021

In 2021, the Remuneration Committee consisted entirely of non-executive directors, the majority of whom were independent, and it was chaired by an independent director. It met the minimum size requirement of three members under the Corporate Governance Code.

## Executive Directors' and Senior Executives' Remuneration

The Remuneration Committee is responsible for advising the Board on the remuneration framework for executive directors and senior executives. It considers all aspects of remuneration, including termination terms where applicable, to ensure that they are appropriate, proportionate and fair. The remuneration policies are designed to attract, retain and motivate the executives to align their interests with JC&C's long-term growth and success, in order to increase shareholder value.

Several members of the Remuneration Committee are knowledgeable in the field of executive compensation. The Remuneration Committee will seek expert advice from consultants on executive compensation matters when necessary.

The remuneration for executive directors and key management personnel is structured to link rewards to corporate and individual performance, and consists of both a fixed and variable component. The fixed component comprises salary, provident fund contributions and other allowances. The variable component comprises a performance-based bonus payable on the achievement of individual and corporate performance conditions which are set or refreshed annually. These performance conditions are based on JC&C's strategy and business plans (including ESG considerations) for the year and are aligned with the interests of shareholders and other stakeholders.

The Remuneration Committee also reviews the individual remuneration packages of executive directors and key management personnel annually. The Board approves such remuneration packages via the Remuneration Committee to whom the Board has delegated authority for such approval. For 2021, the Remuneration Committee confirmed that the level and structure of remuneration was aligned with the long-term interests and risk management policies of JC&C. No executive director was involved in deciding his own remuneration.

## Incentive Plans

Short-term incentive plans have been designed to strengthen the pay for performance framework and reward participants for the success of the business units and the Group. Performance targets to be met under the short-term incentive plans include annual earnings, which are benchmarked against the budget, and individual qualitative key performance indicators, other than earnings, that focus on short-term and long-term growth, success and profitability.

Individual payments are accorded based on performance targets and objectives set in appraisals. The performance conditions under the plans were reviewed annually to ensure that they were met in respect of any payout for 2021.

The Group does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss of the Group.

JC&C does not currently operate any share-based incentive plan.

## Non-executive Directors' Remuneration

The Remuneration Committee is also responsible for advising the Board on the remuneration framework for non-executive directors. The directors' fees are determined having regard to best market practice, the level of duties and responsibilities of the directors and the size and diversity of the Group's operations. The fees are reviewed every few years to ensure that they remain appropriate.

The fee structure reflects the level of responsibility, effort and time commitment of a director. The Chairperson of the Board or a Board committee receives higher fees, and separate fees are paid for committee membership as well as attendance at Board meetings. The total amount of non-executive directors' fees is tabled for shareholders' approval every year at the AGM. No director is involved in deciding his or her own remuneration.

No directors' fees are paid to executive directors.

In November 2021, the Remuneration Committee conducted a review of the directors' fees for non-executive directors and recommended some revisions to enable JC&C to continue to attract and retain qualified and effective non-executive directors. The current and proposed revised directors' fees are as follows:

Chairman	Current S\$	Revised S\$
Board	140,000	no change
Audit Committee	50,000	no change
Remuneration Committee	19,000	22,000
Nominating Committee	19,000	22,000
Member	Current S\$	Revised S\$
Board	70,000	80,000
Audit Committee	25,000	28,000
Remuneration Committee	12,000	no change
Nominating Committee	12,000	no change
<b>All fees shown above are on per director per annum basis</b>		
An attendance fee per director per day of meeting (capped at one attendance fee per day regardless of the number of meetings attended on that day)	2,000	Discontinued

The Board, after due deliberation, accepted the recommendation to revise the Directors' fees subject to shareholders' approval at the Annual General Meeting.

## Disclosure of Remuneration of Directors and Key Management Personnel

The remuneration of the directors and the top five key management personnel (who are not also directors) of the Company for 2021, including their names, is shown in the following tables, broken down into the various elements in dollar terms:

Directors	Directors' fees S\$'000	Base salary S\$'000	Variable bonus S\$'000	Defined benefits/ contribution plans S\$'000	Benefits-in-kind S\$'000	Total S\$'000
Benjamin Keswick	172	—	—	—	—	172
Benjamin Birks <sup>#</sup>	—	624	1,997	124	622	3,367
Stephen Gore <sup>#</sup>	—	602	1,283	109	544	2,538
Michael Kok	97	—	—	—	—	97
Mrs Lim Hwee Hua	122	—	—	—	—	122
Vimala Menon	146	—	—	—	—	146
Dr Marty Natalegawa	88	—	—	—	—	88
Anthony Nightingale	76	—	—	—	—	76
Steven Phan	109	—	—	—	—	109
Tan Yen Yen	90	—	—	—	—	90
Samuel Tsien <sup>*</sup>	26	—	—	—	—	26

<sup>#</sup> Executive Director

<sup>\*</sup> Joined the Board and Audit Committee on 1st October 2021

Key Management Personnel	Base salary S\$'000	Variable bonus S\$'000	Defined benefits/ contribution plans S\$'000	Benefits-in-kind S\$'000	Total S\$'000
Eric Chan	439	1,481	18	24	1,962
Jason Wen	336	795	13	16	1,160
Kent Teo	326	524	17	171	1,038
Jeffery Tan	514	439	10	15	978
Collin Teo	268	672	17	16	973

Notes:

- Directors' fees for non-executive directors were approved by the shareholders as a lump sum at the AGM held in 2021.
- Benefits-in-kind refer to benefits such as car, driver, housing and club membership made available as appropriate.
- The total remuneration of the top five key management personnel for 2021 was S\$6,111,000.
- No stock options or share-based incentives or awards were paid to directors and key management personnel in 2021.

In 2021, there were no employees who were substantial shareholders of JC&C or who were the immediate family members of a director, the Group Managing Director or a substantial shareholder of JC&C.

## AUDIT COMMITTEE

Composition of the Audit Committee in 2021:

Director	Position	Status
Vimala Menon <sup>*^1</sup>	Chairperson/Member	2021 Lead Independent Director
Steven Phan <sup>*^2</sup>	Member/Chairperson	Independent director
Mrs Lim Hwee Hua <sup>^</sup>	Member	Independent director
Samuel Tsien <sup>^3</sup>	Member	Independent director

<sup>\*</sup> Chartered accountant

<sup>^</sup> Expertise in financial management and risk management

<sup>1</sup> Was Chairperson until 30th September 2021, and remained a member after that. Was Lead Independent Director up to 30th December 2021. Stepped down from the Board on 30th December 2021. Mrs Lim Hwee Hua succeeded Vimala Menon as Lead Independent Director on 1st January 2022

<sup>2</sup> Became Chairperson on 1st October 2021

<sup>3</sup> Joined the Board and Committee on 1st October 2021

## Corporate Governance

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All the members of the Audit Committee, including the Chairperson, were non-executive independent directors. All of them have backgrounds in accounting or finance with experience in risk management, and two of them, including the Chairperson, are chartered accountants. No one was a former member or director of JC&C's existing auditing firm.

The primary function of the Audit Committee is to help the Board fulfil its statutory and fiduciary responsibilities in relation to the Group's financial reporting, ensuring the integrity of financial statements, reviewing financial and control risks and monitoring the internal control systems. The Audit Committee has access to management and has the discretion to invite any director or executive officer to attend its meetings, and has access to reasonable resources to enable it to discharge its functions properly.

### **Risk Management and Internal Control Systems**

The Board believes in the importance of sound systems of internal control and risk management to sustainably safeguard shareholders' interests and JC&C's assets as well as to achieve corporate objectives. The Board has overall responsibility for the Group's internal controls and risk management, and reviews the adequacy and effectiveness of these control and risk management systems, including financial, operational, compliance and information technology controls.

Management is required to ensure good corporate governance through the implementation and management of policies and procedures relevant to the Group's business scope, ethical standards and environment. Business units are required to conduct a self-assessment exercise and submit twice-yearly control and compliance declarations on issues relating to matters of serious concern and significant incidents, code of conduct compliance and adequacy of control framework, and compliance with licences, permits and regulatory requirements. Where required, action plans are developed to remedy identified control gaps. Business units also submit a summary comfort checklist regarding the adequacy and effectiveness of their systems of internal control and risk management. Such assurances are also sought from the Group's internal and external auditors based on their independent assessments.

For 2021, the Board reviewed the assurances from the Group Managing Director and Group Finance Director on the financial records and financial statements of JC&C. To elaborate, the Board assessed that the financial records have been properly maintained and that the financial statements gave a true and fair view of the Group's operations and finances. The Group Managing Director and Group Finance Director also gave assurances to the Board that the systems of risk management and internal control in place were adequate and effective in addressing the material risks in the Group in its business environment at that point in time.

The Board, with the concurrence of the Audit Committee, was satisfied that adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems had been in place and met the needs of the Group in its business environment at that point in time. The conclusion was based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management throughout 2021, as well as assurances received from the Group Managing Director and other key management personnel responsible for these areas.

The Board notes that the Group's systems of internal control are designed to manage the Group's risks within an acceptable risk profile, rather than eliminate business risks completely. The Group's internal control and risk management systems provide reasonable but not absolute assurance that the Group will not be adversely affected materially by any event that can be reasonably foreseen and do not provide absolute assurance against material misstatements, the occurrence of material or human errors, poor judgment in decision-making, losses, fraud or other irregularities.

JC&C does not have a separate Board-level risk committee but has in place a risk management programme, under the purview of the Audit Committee, to identify and report on areas of potential business risks, and to recommend counteracting measures to prevent and minimise any loss arising from the business risks identified. This programme is further elaborated upon under the *Risk Management Review* section on pages 44 to 46. All members of the Audit Committee have expertise in risk management.



## Key Audit Matters

For 2021, the Key Audit Matters (“KAMs”) of the Group and the Audit Committee’s commentary on them are set out below:

KAM	Audit Committee’s Comments
Impairment of investment in an associate – Siam City Cement Public Company Limited (“SCCC”)	<p>The Audit Committee reviewed and was satisfied with the reasonableness of management’s judgement, assumptions and the methodology used in the impairment review of the Group’s investment in SCCC.</p> <p>An impairment charge of US\$182 million was recognised in 2020 in view of the challenging market conditions. Following the review and discussions with management and the external auditor, the Audit Committee concurred with management that no further impairment was required in 2021.</p>
Valuation of consumer financing debtors	<p>The Audit Committee reviewed the ageing profiles of the consumer financing debtors and the reasonableness of management’s assumptions made and data used in calculating allowance, including how management has considered the impact of the COVID-19 pandemic over the recoverability of the consumer financing debtors, especially those that are subject to loan restructuring arrangements.</p> <p>Following the review and discussions with management and the external auditor, the Audit Committee concurred with the judgement made by management in making the allowance for impairment for the consumer financing debtors and was satisfied that the data used were supportable.</p>

## Internal Audit

The primary reporting line of JC&C’s internal audit function is to the Audit Committee. The internal audit function provides independent and objective assurance on internal controls and assists the Audit Committee in reviewing how principal business risks in the Group are evaluated.

The internal audit function of the Group (excluding Astra) is performed by the internal audit team of its holding company, Jardine Matheson. The function is independent of the operating companies of the Group and employs qualified professionals to handle the work in accordance with the prevailing Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors (“IIA”).

The internal audit function of the Astra group is overseen by Astra’s Group Audit and Risk Advisory (“GANRA”), the internal audit department of Astra’s parent company. GANRA performs the audits for all of the automotive sales operations that come under Astra’s parent company. It also supports and participates in some joint audits and regular reviews with the various internal audit units of the subsidiaries within the Astra group. GANRA complies with the prevailing Standards for the Professional Practice of Internal Auditing set by the IIA. The various internal audit units of Astra’s subsidiaries report to the respective boards of commissioners within the Astra group, and GANRA reports to the audit committee of Astra’s parent company. The Audit Committee receives quarterly reports on internal audit plans, audit findings and implementation plans from GANRA.

The internal audit function reviews the effectiveness of the internal control systems and management control systems. These reviews are conducted regularly throughout the year in accordance with an agreed plan to ensure that material internal controls are in place. The Audit Committee approves the audit plans, reviews the audit results and follows up on implementation plans. The Audit Committee also evaluates the adequacy, effectiveness, independence and scope of the internal audit function. For 2021, the Audit Committee was satisfied that the internal audit function was independent of the business, effective and adequately resourced.

## External Audit

The Audit Committee is primarily responsible for proposing the appointment and removal of the external auditor. It recommends to the Board any re-appointment of the external auditor, approves its remuneration and terms of engagement, and ensures that Rules 712 and 715 of the SGX-ST Listing Manual are complied with.

The Audit Committee also approves audit plans for the external audit, and reviews the adequacy, effectiveness, independence, scope and results of the external audit. It meets with the external auditor to discuss significant accounting and auditing issues arising from its audit, other audit findings and recommendations.

The Audit Committee meets with both internal and external auditors annually without the presence of management to discuss matters that the Audit Committee or auditors believe should be discussed privately.

### Review of Results Announcements and Interim Management Statements

Prior to announcing the half year and full year results, the Audit Committee and the senior management review the Group's financial information to ensure that it is properly presented and that appropriate accounting policies have been applied in the preparation of the financial information. Interim management statements for the first and third quarters are also reviewed before they are announced to ensure that sufficient information is presented.

The Audit Committee serves as an independent party to review financial information prepared by the management for shareholders, as well as the channel of communication between the Board and external auditors.

### Non-audit Services by External Auditor

In 2021, the Audit Committee reviewed the range and value of non-audit services provided by the external auditors of the Group and was satisfied that the provision of such services had not affected the independence of the external auditors. The breakdown of the 2021 fees is as follows:

	US\$m
Total fees for audit services	10.0
Total fees for non-audit services	1.1
<b>Total fees</b>	<b>11.1</b>

The Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual with regards to the auditing firms.

### Risk Management Review

The Group has a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by detailed procedures, methodologies, evaluation criteria and documentation requirements to ensure clarity and consistency of application across the Group. These procedures and methodologies are regularly reviewed to include new elements aimed at enhancing the reporting process to make it more comprehensive, of greater value to the Audit Committee and in line with current best practices.

Management is required to comprehensively identify and assess significant current and emerging risks in terms of the likelihood of occurrence, financial impact and velocity. Management is also required to identify and evaluate the adequacy and implementation of mechanisms to manage, mitigate, avoid or eliminate these risks. The status of each residual risk is then rated accordingly. The process encompasses assessments and evaluations at the business unit level before being examined at the Group level.

The risk registers are updated biannually and a Risk Management Report is presented to the Audit Committee on the significant residual risk exposures impacting the Group. The report includes considerations such as the likelihood of occurrence, financial impact, velocity and impact ratings.

The following were classified as major residual risk exposures (including operational risks) for 2021:

#### 1. Dependence on Investment in Astra

Astra is the major contributor to the Group's earnings and represents a significant proportion of the Group's total assets. Consequently, any adverse changes in Astra or the political, social or economic situation in Indonesia will significantly impact the Group's earnings and total assets. Such adverse changes include changes in laws, regulations and policies by the Indonesian or other foreign governments, any termination of or material changes to key licensing and distribution agreements between Astra and its strategic partners, supply chain disruptions or any pricing actions Astra may have to take in response to competition that have a material adverse impact on Astra's financial performance.

The Group is exposed to foreign currency fluctuations, mainly through Astra. Any significant depreciation of the Rupiah will have an adverse impact on the Group's earnings and total assets. Over the years, the Group has increased its exposure in Other Strategic Interests, which taken together with the Direct Motor Interests, account for 23% of JC&C's underlying profits in 2021.

#### 2. Climate Change

Climate change has been recognised as a key long-term risk faced globally.

Physical risks such as forest fires, floods and other natural disasters may directly impact the Group's physical facilities or those of its suppliers and customers and adversely impact the Group's earnings and total assets. Such risks cannot be totally eliminated. However, the Group takes appropriate mitigating measures such as procuring appropriate insurance as part of its risk management. Additionally, the Group maintains operational resilience through regular reviews of its Business Continuity Management ("BCM") plans.

Aside from physical risks arising from climate change, the Group is exposed to transition risks such as the technological shift towards electric vehicles, increase in carbon pricing and investments in low-carbon technologies. The Group manages this by conducting climate

risk assessments following the TCFD framework to identify key focus areas for our portfolio businesses and build overall climate resilience.

### 3. Outbreak of Contagious or Virulent Diseases

A pandemic outbreak or spread of contagious or virulent diseases such as COVID-19, severe acute respiratory syndrome and avian influenza may result in lockdowns or quarantine restrictions on the Group's employees, suppliers and customers, and limit access to the Group's facilities, products and services. During the COVID-19 pandemic, the Group activated its BCM plans and carried out enhanced health and safety programmes to mitigate the risk impact. The COVID-19 pandemic has also triggered an exponential growth of demand for semiconductor chips, outpacing supply capacity, resulting in a global chip shortage which affects the production of certain products offered by the Group. The Group works closely with its suppliers to manage its logistics capacity, production planning and inventory control to mitigate such impact.

### 4. Competition, Economic Cycle, Commodity Prices and Government Regulations

The Group faces competition in each of its businesses, and more so now with advancements in energy-efficient and low-carbon products and technology. If the Group is unable to compete successfully against its existing competitors or new entrants to the industries in which it operates, its business, financial condition and results of its operations will be adversely affected.

The Group's financial performance fluctuates with the economic cycle. Market forces and their resultant movements can significantly impact the earnings and asset position of the Group.

The Group is also exposed to financial risks arising from changes in commodity prices, primarily crude palm oil and coal.

The Group's businesses are impacted by government regulations and policies relevant to the respective industries and territories. Free trade agreements may also result in increased competition which may have an adverse effect on the Group's earnings and total assets. In addition, if the Group does not transit timely to low-carbon products and technology, it will not benefit from subsidy schemes and policy support provided by the governments of the countries where the Group operates.

To manage the risk of competition, the Group regularly assesses that its products and services

can meet customers' expectations. For instance, the Group actively reviews its product strategy with its principals in the automotive sector and actively introduces electric vehicles to its product line-up. The Group also works closely with the respective local management to leverage local expertise and knowledge to manage the political and regulatory risks. The Group regularly considers the outlook of commodity prices in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be undertaken for strategic reasons.

### 5. Exclusive Business Arrangements

The Group currently has a number of subsidiaries, associates and joint ventures in Indonesia, Vietnam, Singapore, Malaysia and Myanmar engaged in the automotive business that enjoys exclusive rights in various forms either as a manufacturer, assembler, distributor or dealer.

Management works to meet targets and improve business performance. Notwithstanding this, any change in the principals' strategies may be beyond management's control. In certain cases, any withdrawal or dilution of the exclusive rights can potentially have a significant impact on the Group's earnings and total assets.

The Group manages the risk by maintaining good partnerships with the principals and closely monitoring changes in their policies and corporate plans. The Group also ensures strict compliance and governance to their standards and provides regular updates on the local market's regulatory and business environment to the principals.

### 6. Financial Risk

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. It manages its exposure to financial risks by using a variety of techniques and instruments as set out in further detail under 'Financial Risk Management' of Note 2.32 to the Financial Statements, on pages 91 to 100 of this Annual Report.

The Group has an internal policy that prohibits speculative transactions, and it enters into derivative financial instruments solely for hedging underlying exposures. The objective is to provide a degree of certainty on costs. The Group's surplus cash is managed in a way that minimises credit risk while enhancing yield. The Group also has a system of internal controls, as described in this report.

## Corporate Governance

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Notwithstanding the risk management policies of the Group, any unanticipated fluctuations in debt and equity market prices, foreign currency exchange rates and interest rates may have an adverse effect on the Group's earnings and total assets.

### Rights of Shareholders

#### **Fundamental Shareholder Right – Dividend Policy and Payment**

Under JC&C's dividend policy, it aims to provide a return to shareholders through the payment of a cash dividend, usually on a semi-annual basis, taking into consideration the Group's financial performance, short- and long-term capital requirements, future investment plans and broader business and economic conditions.

In 2021, JC&C made two dividend payments to all shareholders; a final dividend of US\$0.34 per share on 25th June 2021 and an interim dividend of US\$0.18 per share on 30th September 2021.

#### **Shareholders' Right to Participate Effectively and Vote in Shareholders' Meetings**

Shareholders are informed of shareholders' meetings through notices, physical copies of which are sent to all shareholders in advance of the meetings. The notices contain the detailed meeting agenda and are accompanied by explanatory notes, reports or circulars containing detailed information on each agenda item and the proxy form. The notices of general meetings and the accompanying documents are also published and publicly available on SGX's website at [www.sgx.com](http://www.sgx.com) and JC&C's website at [www.jcclgroup.com](http://www.jcclgroup.com).

Specifically for AGMs, the notices are accompanied by the annual report, a letter to shareholders (containing further information about specific agenda items) and the proxy form, all of which are available via the avenues mentioned above. Annual reports, which contain the audited financial statements, are issued simultaneously with the AGM notice, i.e. by the end of March. This is within 90 days of the end of JC&C's financial year of 31st December, and is at least 28 days before the date of the AGM.

At the shareholders' meetings, each specific matter is proposed as a separate resolution and shareholders

are given the opportunity to raise questions on each of the motions. All relevant questions, answers and comments are recorded in substantial detail in the meeting minutes, which are posted on JC&C's website.

At every AGM, shareholders have the opportunity to approve the remuneration for non-executive directors, including any increases in such remuneration, and vote for the re-election of individual directors who are either retiring by rotation or retiring because they are newly appointed.

JC&C only has one class of shares, i.e. ordinary shares, and each ordinary share carries one vote. All resolutions at the AGM are voted by poll. The poll voting is conducted electronically by an external service provider, under the scrutiny of an independent scrutineer. The scrutineer explains the voting and vote tabulation procedure to the meeting attendees before starting the voting process. For greater transparency, votes cast for and against each resolution, and the respective percentages, are immediately tallied and displayed 'live-on-screen' to shareholders at the meeting. The scrutineer is present throughout the meeting to ensure that the voting exercise is conducted properly and signs off on the voting results.

Within the same day after the AGM, JC&C releases a detailed announcement publicly available on the Singapore Exchange's website ([www.sgx.com/securities/company-announcements](http://www.sgx.com/securities/company-announcements)), showing the voting results in terms of number of votes cast for and against each agenda item and the respective percentages. This announcement is also available on JC&C's website.

If any shareholder is unable to attend a shareholders' meeting, he/she is allowed under JC&C's Constitution to appoint up to two proxies to vote on his/her behalf at the meeting. Printed copies of proxy forms are sent in advance to all shareholders with clear instructions on how they should be completed and returned to JC&C before the relevant deadline. The proxy forms are also available on JC&C's and the Singapore Exchange's websites.

Nominee agencies such as banks, securities custodians and the Central Provident Fund ("CPF") are allowed to appoint more than two proxies. Therefore, shareholders who hold shares through these nominees, including

CPF investors, can attend and participate at the meetings as proxies of these agencies. Voting in absentia by mail, facsimile or email is currently not allowed.

### Conduct of AGM during COVID-19 Pandemic

The AGM in 2021 was conducted by way of electronic means on 27th April 2021 pursuant to temporary laws on alternative arrangements for holding general meetings in Singapore during the COVID-19 pandemic. JC&C complied with all regulatory requirements for the holding of such meetings.

Notice of the virtual AGM containing the detailed agenda and explanatory notes, as well as the Annual Report 2020 (containing the audited financial statements), letter to shareholders and proxy form, were all sent to shareholders solely by electronic means through publication on the websites of JC&C and the Singapore Exchange. These documents were published on 29th March 2021, at least 28 days before the AGM date and within 90 days of JC&C's financial year-end of 31st December 2020.

Shareholders were invited to submit their questions for the AGM in advance, and JC&C provided its full responses to substantial and relevant questions via an announcement on the websites of JC&C and the Singapore Exchange. The responses were published several days before the proxy form submission deadline to allow shareholders time to consider the answers before submitting their votes via the proxy forms.

Pursuant to the temporary laws, voting at the AGM was carried out via the appointment of the Chairman of the meeting as the proxy for the shareholders. The voting results were verified by an independent scrutineer appointed for the AGM and were published on the same day as the AGM on JC&C's and the Singapore Exchange's websites.

As in-person attendance at the AGM was not allowed, pre-registered shareholders attended the AGM virtually via live webcast and audio stream. The entire Board was present virtually at the meeting, including the Chairman of the Board, the Group Managing Director and the respective Chairpersons of the Audit, Nominating and Remuneration Committees, as well as JC&C's external auditors.

As the COVID-19 pandemic is still ongoing, the upcoming AGM in 2022 will be similarly conducted using electronic means under the temporary laws.

### Interested Person Transactions

JC&C has guidelines in place to ensure that interested person transactions ("IPTs") are conducted fairly and on arm's length basis, and there are procedures for the review and approval of IPTs, as further elaborated below.

IPTs entered into during the course of 2021 as recorded in the Register of IPTs (excluding transactions less than S\$100,000) were approved in accordance with the Group's procedures for such transactions. These procedures are as set out in JC&C's annual general mandate for IPTs and its internal limits of authority.

JC&C's general mandate for IPTs is approved annually by shareholders at its AGM. Detailed information on the general mandate, including categories of transaction and review and approval procedures, are set out in a letter to shareholders that accompanies the AGM notice. This is sent to shareholders together with the AGM notice, and is also available on JC&C's and the Singapore Exchange's websites.

The general mandate enables companies within the Group to enter into approved categories of transactions with interested persons, provided that such transactions are on normal commercial terms in the ordinary course of business and will not be prejudicial to the interests of JC&C and its minority shareholders. The transactions will undergo the review process before being approved by the Group Managing Director or the Audit Committee, as applicable, depending on the value of the transaction.

For 2021, as in previous years, all IPTs entered into pursuant to the general mandate were reviewed by JC&C's internal auditor as part of its annual audit plan.

Generally, the same principles and review and approval procedures that apply to IPTs under the general mandate also apply to IPTs that do not fall under the general mandate.

JC&C further operates under the IPT rules of the SGX-ST Listing Manual, which guard against the risk that interested persons could influence JC&C or companies within the Group to enter into IPT transactions that may adversely affect the interests of JC&C or its shareholders. For example, where an IPT requires shareholders' approval, a shareholder who is interested in the transaction and its associates will not be allowed to vote on the resolution.



## Corporate Governance

The list of JC&C's IPTs for 2021 are set out below:

Name of interested person and nature of transaction	Nature of relationship	Aggregate value of all interested person transactions (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$m	US\$m
Hongkong Land Ltd	Associate of the Company's controlling shareholder	–	0.1
– management support services			
Jardine Engineering (S) Pte Ltd	Associate of the Company's controlling shareholder	–	0.3
– air conditioner maintenance services			
Jardine Matheson Limited	Associate of the Company's controlling shareholder	–	3.2
– management support services		–	0.3
– cyber security services		–	–
– digital and innovation services		0.8	–
Jardine Matheson & Co., Ltd	Associate of the Company's controlling shareholder	–	0.4
– human resource and administration services			
Jardine Matheson (Singapore) Ltd	Associate of the Company's controlling shareholder	1.0	–
– digital and innovation services			
The Dairy Farm Company Ltd	Associate of the Company's controlling shareholder	–	0.4
– data analytics services			
Schindler Lift (S) Pte Ltd	Associate of the Company's controlling shareholder	–	0.2
– lift maintenance and services			
Jardine International Motors Limited	Associate of the Company's controlling shareholder	2.4	–
– management consultancy services			
Jardine International Motors (S) Pte. Limited	Associate of the Company's controlling shareholder	0.4	–
– management consultancy services		–	0.1
– human resource capital services		–	0.2
– purchase of a motor vehicle		–	0.1
– sale of a motor vehicle		–	
Spouse of Michael Kok	Director of the Company	0.2	–
– purchase of a motor vehicle		0.1	–
– sale of a motor vehicle			
Hongkong Land (Unicode) Investments Limited	Associate of the Company's controlling shareholder	9.2	–
– subscription of shares in an associate			
PT Astra Land Indonesia	Associate of the Company's controlling shareholder	9.2	–
– subscription of shares by a subsidiary			
		<b>23.3</b>	<b>5.3</b>

Note: The terms "associate" and "controlling shareholder" are as defined in Chapter 9 of the SGX-ST Listing Manual.

Save for the transactions disclosed above, no material contract has been entered into by the Group involving the interests of the Group Managing Director, a director or a controlling shareholder, either as at the end of the financial year or since the end of the financial year.

### Management of Conflicts of Interest

At Board meetings, the Directors regularly disclose updates to their directorships and major appointments in other companies and organisations as part of their disclosure of interests to address any potential conflict of interest situation. In addition, the Directors are required to disclose any specific interest they may have in a particular transaction being contemplated or agenda item being discussed. In the case of a conflict of interest, the Director

would be required to abstain from voting on the resolution and refrain from participating in the Board discussions.

### Institutional Investors

An analysis of JC&C's share register carried out on 31st December 2021 showed that more than 5% of its share ownership were held by institutional investors other than its controlling shareholder.

## Engagement with Stakeholders

### Sustainability Report

JC&C has published a sustainability report every year since 2017 under the GRI reporting framework. The reports reflect JC&C's approach to business sustainability

and disclose what is important to JC&C and its stakeholders. As part of the process, JC&C undertakes stakeholder engagement and engages both internal and external stakeholders such as its subsidiaries, employees, shareholders, suppliers, business partners and regulatory bodies. JC&C is committed to publishing an annual sustainability report and, with this, continues to strengthen its engagement with stakeholders. Please refer to pages 53 to 56 of this Annual Report for a summary of JC&C's 2021 Sustainability Report. The full sustainability report will be issued in May 2022.

JC&C's sustainability reports are available on its corporate website at [www.jcclgroup.com/sustainability](http://www.jcclgroup.com/sustainability).

### Community Engagement

JC&C strives to be an active partner of the community through corporate social responsibility initiatives and, in particular, focuses its efforts around three United Nations Sustainable Development Goals: SDG 3 (Good Health and Well-being), SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth). Please refer to the JC&C 2021 Sustainability Report summary on pages 53 to 56 for JC&C's community engagement and interactions.

### Code of Conduct

The Board has put in place a corporate Code of Conduct ("CoC") that requires compliance with all relevant laws, rules and regulations applicable to each business and with proper standards of business conduct. This is based on the Code of Conduct of the Jardine Matheson Group, which JC&C is a part of.

A copy of the CoC is published on JC&C's website at [www.jcclgroup.com/sustainability/governance](http://www.jcclgroup.com/sustainability/governance).

The CoC sets out the standards and values that JC&C upholds in operating its businesses. It covers topics that include anti-competitive practices, tax compliance, business licences, exchange controls, information security, illicit payments and gifts, favours and entertainment.

The CoC applies to all employees. Upon joining, all new employees are given a digital copy of the CoC and must complete the mandatory CoC training as part of their onboarding. Existing employees are enrolled for regular e-training to be kept updated on the principles of the CoC.

Besides the CoC, ethical standards of doing business are also upheld through additional compliance policies and guidelines, such as the Anti-Corruption and Bribery Policy and Whistle-Blowing Policy, as further elaborated below.

The Board has oversight over the matters under the CoC through the Audit Committee. To monitor and ensure proper accountability, JC&C conducts twice-yearly control and compliance declarations on areas that include illicit payments and favours, criminal offence, and internal and external fraud, besides providing a whistle-blowing

platform for reporting matters of serious concern on an anonymous basis. The control and compliance declarations are signed off by the management team and reported to the Audit Committee. Internal audits are also conducted on these areas and regularly reported to the Audit Committee.

### Transparency, Anti-Corruption and Bribery

The Board has oversight over anti-corruption and bribery matters through the Audit Committee. Management is responsible for ensuring adherence to JC&C's Anti-Corruption and Bribery Policy through regular corruption and bribery risk assessments. This is carried out by JC&C's risk compliance team twice a year. For further details, please refer to the Anti-Corruption and Bribery Policy as published on JC&C's website, [www.jcclgroup.com/sustainability/governance](http://www.jcclgroup.com/sustainability/governance).

Training on anti-corruption and bribery is carried out as part of the Code of Conduct training, which is mandatory for all new employees, and a refresher course is mandatory for regular employees. Besides this, some business units also conduct additional anti-corruption and bribery training.

If there are any ethical issues, employees can raise them via the whistle-blowing programme further elaborated below. More information can be found on JC&C's website: [www.jcclgroup.com/sustainability/governance](http://www.jcclgroup.com/sustainability/governance).

### Whistle-Blowing Policy

JC&C encourages the early reporting of matters of serious concern that may affect the professional and compliant operation of its businesses and reputation. It has a Whistle-Blowing Policy with procedures on how employees and third parties can report any workplace malpractice and is committed to protecting and supporting anyone who reports non-malicious or non-vexatious matters of concern. The policy comes under the purview of the Audit Committee to ensure independent investigation and appropriate follow-up action on any concerns raised.

The policy is published on JC&C's website at [www.jcclgroup.com/sustainability/governance](http://www.jcclgroup.com/sustainability/governance). Employees who feel that they are unable to raise concerns within normal reporting lines can do so using the JMSpeakOut platform on an anonymous basis. JMSpeakOut is an anonymous, independent whistle-blowing service managed by Deloitte and is available 24/7 in various languages, such as Chinese, English and Thai. Third parties can also make use of the same platform. The policy lists out several ways to do the reporting: online, by email or via hotlines with local numbers in Singapore, Indonesia, Malaysia and Myanmar. Reports can be made in the reporter's local language and are entirely confidential, i.e. the person making the report is not required to reveal his or her identity until he or she chooses to do so. Reports will be channelled to the designated person at JC&C which is the Group General Counsel.

### Health, Safety and Welfare of Employees

JC&C's health and safety obligations are set out in the collective agreements with the respective trade unions. They include personal protective equipment, training or educating employees on code of conduct, health and safety topics such as observing workplace safety, reporting and accounting for work injury incidents, feedback mechanism for employees and compliance with national health and safety legislation. The Workplace Health and Safety Committee manages health and safety matters. It is advised by an Environment, Health & Safety ("EH&S") Manager who is a full-time employee and a certified Workplace Safety & Health Officer.

JC&C also has an Emergency Response Team housed in its office buildings. Each member of the Emergency Response Team is required to undergo training to attain certification. Incident report forms are reviewed by worker representatives and rectifications are recommended and implemented.

JC&C has a Human Resources Policy in place covering hiring and employment practices, including compensation and benefits, as well as learning and development aspects. Its recruitment practices are in accordance with the Singapore Tripartite Guidelines for fair and progressive practices. Recruitment is based on an individual's merit regardless of age, race, gender, religion, marital status or family responsibilities, and is conducted in a fair, just, open and transparent manner. Career opportunities are available for internal mobility and progression as part of enabling career enrichment, and applicants are given fair opportunities.

Apart from providing retirement provisions as required under the law, JC&C also provides benefits such as life, accident and medical insurance for all full-time employees, and all employees are eligible for parental leave based on provisions in the local employment Act.

Further details are provided in JC&C's Sustainability Report 2021.

### Employee Training and Career Development Programmes

A Human Resources Policy is in place covering employee training and development aspects. This is reviewed regularly by the Human Resources division, in consultation with the business leaders, taking into consideration the external changing business landscapes, feedback from new hire/exit interviews, performance reviews and employee engagement results.

To encourage further learning, JC&C has an Education Assistance Programme that sponsors employees' education, providing them further professional and personal development opportunities. An annual analysis on training needs is conducted to identify employees for individualised programmes as part of their career development.

Recognising that learning and development can be extended to a wider group of employees by leveraging digital technology, JC&C is part of the Jardines Learning Academy and has introduced virtual programmes since 2019. Conducted over an interactive e-learning platform, employees are able to engage effectively with the trainer and other employees across the wider Jardine Group on topics that are helpful to their work and relevant to their career pathways. In 2021, JC&C's employees attended functional and professional training programmes such as the Finance & Procurement Academy, Personal Excellence series and Digital & Innovation Academy conducted virtually and/or via e-learning.

In 2021, JC&C recorded an annual average of 16.4 hours of training per employee. This was an increase from 2020, with virtual learning becoming more prevalent.

Annually, all eligible employees will undergo an individualised and transparent performance review as part of JC&C's career management framework. This ensures that employees are on track in their career development and aligns the training needs of employees with business objectives. JC&C achieved its target of 100% of eligible employees receiving a performance review in 2021.

A breakdown of training, performance and career development reviews is given in the Appendix of JC&C's Sustainability Report available on its website at [www.jcclgroup.com/sustainability](http://www.jcclgroup.com/sustainability).

### Health and Safety of Customers

During the COVID-19 pandemic in 2021, JC&C's various businesses, operated by its subsidiaries and associates throughout Southeast Asia, had observed the health and safety measures that were in place in their respective countries.

In Singapore, a series of safe management measures were implemented at the facilities of Cycle & Carriage Singapore for the health and safety of its customers who visited its vehicle showrooms and workshops. These included SafeEntry and TraceTogether check-in and check-out, usage of face shields, gloves and table shields, capacity controls, contactless greeting of customers, availing hand sanitisers throughout the premises, safe distancing floor markers and furniture arrangements, isolation room in the event of a suspected case, increased frequency in disinfecting its premises, shuttle services and test-drive vehicles, sanitisation of tools and encouraging contactless payment. At the larger facilities, vaccination-differentiated safety measures were also adhered to per the government's guidelines. Only fully vaccinated persons were allowed entry to better protect unvaccinated individuals who were at a higher risk of infection and severe illness. Special arrangements were made for unvaccinated customers to receive after-sales and repair services without entering the premises.

In addition, measures which were above and beyond the regulatory guidelines were also introduced, including placing disinfectant doormats at all entry points; sanitisation of pens used by customers; sanitisation of vehicle interiors before and after service or repair job, and using protective coverings on all high touch areas within the vehicle. All customers' vehicle keys were also sanitised and kept in individual zipper bags.

### Securities Dealing Policy

JC&C has in place an internal compliance policy on dealings in its securities by directors and employees who, by the nature of their position within JC&C, are deemed to be in possession of unpublished material price sensitive information. The policy incorporates the best practices on the subject issued by the Singapore Exchange.

Under the policy, directors cannot deal in JC&C's shares without prior approval of the Board, which approval is delegated to the Chairman of the Board.

Further, directors and employees are to refrain from dealings in JC&C's securities at any time while in possession of unpublished material price sensitive information, on short-term considerations, and during closed periods which are from one month before, and up to, the date of announcement of JC&C's half year and full year results, and such other closed periods as may be notified by JC&C from time to time. Periodic reminders are sent out to affected parties to remind them of the policy and closed periods.

Directors are required to notify JC&C within two business days of their dealings in JC&C's securities, and such dealings will be made known to investors by the next day through a public announcement on JC&C's and SGX's websites.

### Disclosure and Transparency

#### Information in the Annual Report

JC&C's corporate objectives can be found on pages 2 to 7 of this Annual Report.

JC&C's financial performance indicators and highlights can be found on page 3 of this Annual Report.

Non-financial performance indicators are set out in JC&C's Sustainability Report 2021, a summary of which can be found at pages 53 to 56 of this Annual Report. JC&C's annual sustainability reports are accessible at its corporate website [www.jcclgroup.com/sustainability](http://www.jcclgroup.com/sustainability).

Information on key risks (including operational risks), and the risk assessment and management process, can be found on pages 44 to 46 of this Annual Report.

Please refer to the *Interested Person Transactions* section on pages 47 to 48 for further details on interested

person transactions, including the identity of related parties, JC&C's relationship with each party and the nature and value of the transactions.

For material transactions that require Board approval, please refer to section (v) *Transactions Requiring Approval from the Board* on page 35 for the details.

Key information on the directors' direct and indirect (deemed) shareholding in JC&C and its related corporations can be found on pages 58 to 59 of this Annual Report. As at 31st December 2021, the Group Managing Director, Benjamin Birks, and the Group Finance Director, Stephen Gore, each own 25,000 shares in JC&C.

Key information regarding the directors relating to their age, academic and professional qualifications, date of the first appointment as director, date of the last re-appointment, directorships or chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments can be found on page 27 to 30 of this Annual Report.

### Timeliness of Release of Results

JC&C's full year results for 2021 were released on 28th February 2022 which was within 60 days after the end of its financial year of 31st December 2021.

### Investor Relations, Medium of Communication and Results Briefings

JC&C developed a comprehensive investor relations ("IR") framework and engagement plan to strengthen shareholder communication. The IR plan aims to improve investor understanding of JC&C's business and strategy, build long-term investor relationships and maintain or improve the accuracy of market expectations. In addition, JC&C's IR Policy was also developed and made available on the corporate website at [www.jcclgroup.com](http://www.jcclgroup.com).

The implementation of the new IR plan began to show results when JC&C's Annual Report 2019, a key investor communications document with a clearer articulation of the business strategy, won "Best Annual Report" at the IR Magazine South East Asia Awards 2020.

In 2021, JC&C's Annual Report was distributed electronically to all shareholders before the AGM, and copies of the latest Annual Report and those of the last four years are available on JC&C's website in downloadable format. Additionally, to improve the readability of the annual report online, a microsite was developed to provide contents in easily digestible formats and distil key topics of interest for our shareholders through the innovative design of the microsite.

## Corporate Governance

Shareholders receive regular and timely communication from JC&C through announcements on SGX's website at [www.sgx.com](http://www.sgx.com), which are simultaneously posted on JC&C's website, [www.jcclgroup.com](http://www.jcclgroup.com), as well as the reporting of its results. The results are also available on JC&C's website under the "Investors" section and provide shareholders and the public with regular updates on the financial performance, position and prospects of JC&C.

Announcements released via SGX's website contain adequate information as per the SGX-ST Listing Manual's requirements and guidelines. JC&C ensures that the announcements are prepared by persons familiar with these requirements, which includes the finance, legal and investor relations teams, as well as external lawyers and other advisors where applicable. The Board delegates authority to senior management to approve the final drafts for release.

JC&C holds an analysts briefing twice a year after announcing its full year and half year results. These briefings provide the opportunity to gather views and address issues or concerns from the investing community. In 2021, JC&C made its results briefings available via on-demand webcasts on the corporate website, to reach out to a wider group of investors. The briefing material was also published on SGX's and JC&C's websites before the meeting.

JC&C also meets with institutional investors regularly as part of its efforts to directly engage with shareholders and to gather feedback or address specific concerns.

It also participates in investor conferences and post-results investor meetings. Designated management spokespersons are present at such meetings. They include the Group Managing Director, Group Finance Director, Company Secretary and Head of Investor Relations.

JC&C has a dedicated and enhanced "Investors" section on its website, providing relevant information and resources to investors. It offers easily accessible features and resources such as financial results snapshots, announcements and results briefing webcasts, a highly navigable annual report microsite, and interactive share price charts. The section has an IR contact ([corporate.affairs@jcclgroup.com](mailto:corporate.affairs@jcclgroup.com)), and JC&C will respond to emails typically within the next working day.

JC&C's website also contains useful up-to-date information, including its group corporate structure, various business interests and Constitution.

### Summary of Disclosures – Corporate Governance

Rule 710 of the SGX-ST Listing Manual requires Singapore-listed companies to describe their corporate governance practices in their annual report with specific reference to the Corporate Governance Code. This summary of disclosures describes our corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the Corporate Governance Code.

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## Sustainability Report 2021 – Summary

In 2021, JC&C expanded the scope of its sustainability reporting by adopting the operational control approach of the Greenhouse Gas (“**GHG**”) Protocol to include the JC&C Head Office and its operational controlled businesses, namely Astra and the Cycle & Carriage businesses in Singapore, Malaysia and Myanmar. More information on our environment, social and governance (“**ESG**”) performance will be detailed in the Sustainability Report 2021 (“**SR2021**”) planned for publication in May 2022.

SR2021 is prepared with reference to the Global Reporting Initiative Sustainability Reporting Standards (“**GRI Standards**”), and adheres to the Singapore Exchange Listing Rule 711A on preparing an annual sustainability reporting, which describes sustainability practices with reference to the primary components set out in Listing Rule 711B on a “comply or explain” basis.

## Our Sustainability Strategy

JC&C see the embedding of our ESG agenda into the business strategy as a crucial component for achieving our ambition to grow faster than Southeast Asia and elevate our communities. Being centred around three key pillars – climate action, social impact and governance – our ESG strategy enables us to deliver and secure long-term growth and sustainable value for our stakeholders.

2021 was a critical year in which countries and businesses across the globe made significant pledges at the United Nations Climate Change Conference held in Glasgow (“**COP26**”). Conversations held recognised the urgency to limit the increase in global average temperatures and accelerate collective climate action to achieve net-zero GHG emissions. Year-long engagements on this topic motivated us to embed ESG considerations deeper into our business operations.

As an example, early in the year, we embarked to align ourselves to the Task Force on Climate-related Financial Disclosures (“**TCFD**”) framework. By conducting scenario analyses on both our physical and transitional risks, we gained a deeper understanding of the climate risks faced by our businesses. Moving forward, we look to build overall climate resilience within our portfolio through mitigation and adaptation measures. For further information on the Group’s climate-related risks, please refer to our Climate Change Report 2021 to be published in the first half of 2022.

Our social strategy continues to support and contribute to the three United Nations Sustainable Development Goals: Good Health and Well-being (SDG 3), Quality Education (SDG 4) and Decent Work and Economic Growth (SDG 8).

Corporate governance has always been a bedrock for us. We strive to provide our stakeholders with the transparency needed to make informed decisions. In 2021, we increased our frequency of engagement with ESG rating agencies to gain a deeper understanding of the fast-changing dynamics and requirements of operating in a modern environment.

# Sustainability

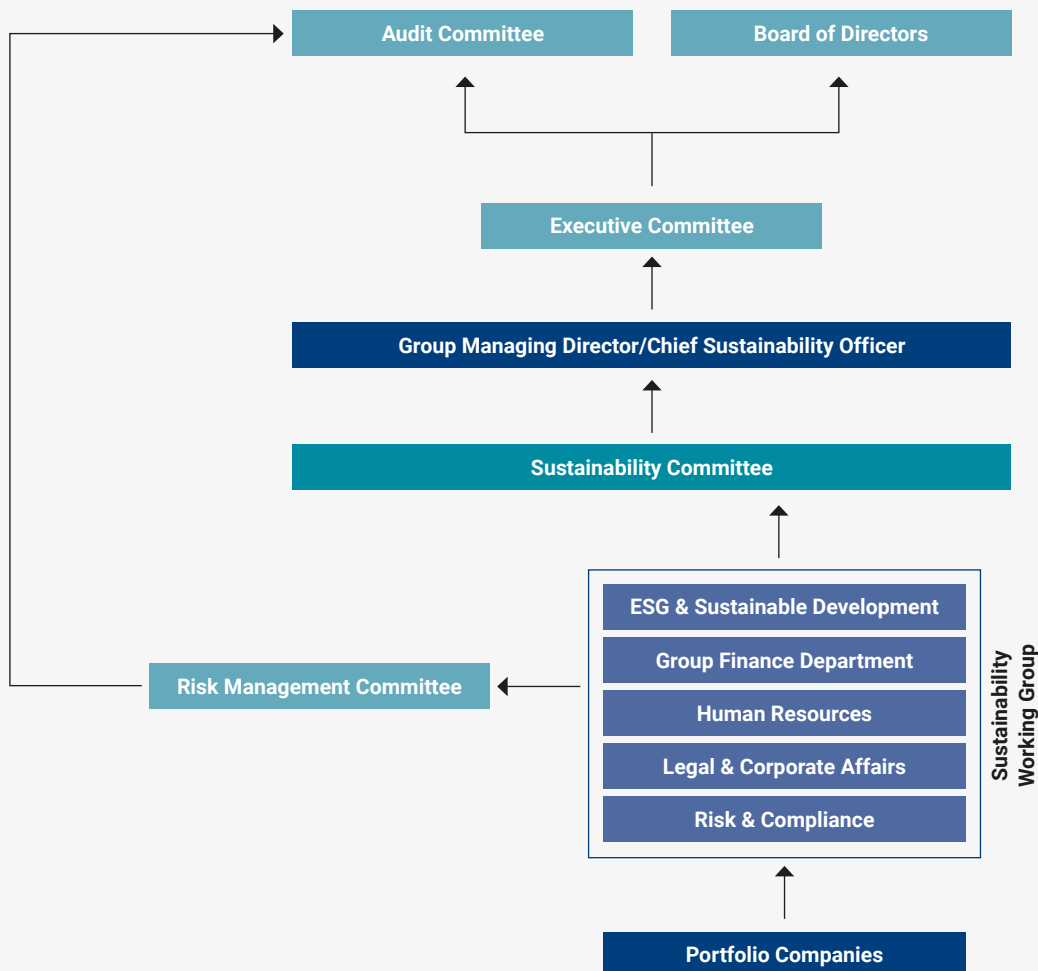
## Our Sustainability Governance

Integrating sustainability at the highest governance level enables a strategic oversight for our long-term value creation. At JC&C, the board of directors (the “**Board**”) has the overall responsibility for the Group’s ESG mandate and performs this duty within a robust governance framework. The Board exercises their oversight through regular board meetings where they are updated by the JC&C executive leadership team (“**Excom**”) on the progress of JC&C’s sustainability strategy and any key ESG-related issues. The Board-level Audit Committee is responsible for overseeing the management of risks faced by the Group, including climate-related risks.

The Excom is responsible for shaping the Group’s sustainability strategy and ESG considerations are factored into management’s performance incentives.

The Excom is directly involved in leading any environmental or social assessments for the Group and incorporates ESG-related risks into the annual budget discussions, overall business strategy and capital allocation plans.

JC&C’s ESG agenda is executed by its management-level Sustainability Committee. This cross-functional committee was established in 2021 and convened quarterly to set the direction and plan Group-wide initiatives, such as the transition towards a low-carbon economy as well as the setting of ESG-related goals and targets. The committee is supported by the Sustainability Working Group that meets monthly to discuss sustainability-related issues and action on the roadmap set out by management.



### Approach to Materiality

Acknowledging the changing macroeconomics landscape and stakeholders' needs, we conduct a materiality review every year to ensure that our sustainability efforts across each aspect

of ESG aligns with the key issues of our businesses and stakeholders. This assures stakeholders that our sustainability strategy is focused on making the most impactful change.

### 2021 Material ESG Factors

Governance & Economic	Environment	Social
Commitment to anti-corruption and anti-bribery practices	Carbon emissions and electricity consumption management	Socioeconomic support for local communities
Accountability, openness and transparency	Waste management	Staff diversity and equal opportunities
Responsible investing	Water management	Employee safety and well-being
		Talent training and development

### Materiality Topics

We identified ten material topics for 2021 under the three ESG pillars and made the following changes to the materiality topics:

- Elevation of "Carbon emissions and electricity consumption management" from an existing Emerging Material Topic to a Material Topic,
- Inclusion of "Waste management" as a new Material Topic, and
- Inclusion of "Water management" as a new Material Topic.

With the changes to the material topics, a total of five associated GRI topics (i.e. GRI 302 Energy, GRI 303 Water and Effluents, GRI 305 Emissions, GRI 306 Waste and GRI 207 Tax) were added to 2021's reporting.

### Environment

2021 was the first year we embarked on measuring the Group's environmental impact, starting with the head office and our subsidiaries. JC&C is committed to assessing the associated risks, and being a part of the solution for climate change through mitigation actions as well as sustainable and resilient investment decisions. We see GHG emissions and energy consumption as some of these risks, and therefore are actively working with our businesses to align on an overall decarbonisation plan.

### Social

JC&C supports and invests in mental health through the Jardine Matheson Group registered charity, MINDSET Care Limited ("**MINDSET**"). MINDSET helps the mental health community by raising awareness and supporting the social reintegration of people with mental health issues through employment opportunities and social enterprise initiatives, as well as fundraising and allocating resources to related projects and programmes.

## Sustainability

In partnership with other Jardine Matheson companies in Singapore, our total contributions to mental health include:

	JC&C Group		Jardine Matheson Group <sup>#</sup>	
	2021	From 2011 to 2021	2021	From 2011 to 2021
Total funds donated and committed to mental health programmes*	S\$457,000	S\$2.4m	S\$1.2m	S\$8.8m
No. of employee volunteer hours	515	9,291	3,382	47,287

<sup>#</sup> Including business associates and employees

\* Including total pledged and *ad hoc* donations



2021 marked MINDSET's 10th year in leading the way as a corporate partner in Singapore's mental health community. During the year, the Jardine Matheson Group was named the Organisation of Good in the Large Enterprise Category at the President's Volunteerism & Philanthropy Awards 2021 for its contributions to the mental health sector through its charity MINDSET. The pinnacle award and platform recognises individuals, organisations and leaders of good for achieving excellence in giving and represents the highest honour for contributing to the community in Singapore.

To further build confidence and trust among the donors to our cause, MINDSET upholds high standards of governance and transparency. For four consecutive years,

it has been awarded the Charity Transparency Award for exemplary transparency and governance standards.

With the view that mental health is as important as physical health, JC&C is committed to upholding good standards for the mental well-being of our employees alongside adhering to the Singapore Tripartite advisory on mental well-being at workplaces. We are also a part of One Mind at Work, which advocates good mental health at the workplace.

Employees are supported by various mental health-related initiatives, such as the Employee Assistance Programme that provides free and anonymous counselling via a 24-hour hotline. JC&C has also curated mental health training for line managers and employee volunteers to spot signs of distress among employees and support those affected. In addition, mental health consultations and treatments are covered under outpatient benefits.

### Governance

We believe that strong corporate governance is integral to the Group's success and our continued commitment to this is reflected in our 2021 ranking results. JC&C achieved an overall rank of #19 in the Singapore Governance and Transparency Index published by the National University of Singapore Business School, which provides corporate governance performance ratings for Singapore-listed companies. JC&C continues to be positioned within the top 5% of Singapore's listed companies in the corporate governance ranking.

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# Directors' Statement

The directors of Jardine Cycle & Carriage Limited present their statement to the members together with the audited financial statements for the financial year ended 31st December 2021.

In the opinion of the directors,

- (a) the accompanying financial statements set out on pages 65 to 165 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31st December 2021, the financial performance and the changes in equity of the Group and of the Company and the cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 1. Directors

The directors of the Company in office at the date of this statement are as follows:

Benjamin Keswick (Chairman)  
 Benjamin Birks (Group Managing Director)  
 Stephen Gore (Group Finance Director)  
 Michael Kok  
 Mrs Lim Hwee Hua#  
 Dr Marty Natalegawa  
 Anthony Nightingale  
 Steven Phan#  
 Tan Yen Yen (appointed on 1st January 2021)  
 Samuel Tsien# (appointed on 1st October 2021)

# Audit Committee member.

Vimala Menon stepped down on 30th December 2021.

## 2. Directors' Interests

As at 31st December 2021 and 1st January 2021, the directors of the Company had interests set out below in the ordinary shares of Jardine Cycle & Carriage Limited and its related companies. These were direct interests except where otherwise indicated:

Name of director/ Par value per share	Jardine Cycle & Carriage	Jardine Matheson US\$0.25	Jardine Strategic US\$0.05	Dairy Farm US\$0.05 <sup>5/9</sup>	Astra International Rp50	Hongkong Land US\$0.10
<b>As at 31st December 2021</b>						
Benjamin Keswick	–	4,044,489 43,189,404*	–	–	–	–
Benjamin Birks	25,000	–	–	–	–	–
Stephen Gore	25,000	–	–	–	–	–
Michael Kok	–	–	–	122,888	–	–
Anthony Nightingale	–	1,196,960	–	34,183	6,100,000	2,184
<b>As at 1st January 2021</b>						
Benjamin Keswick	–	3,932,420 42,041,111*	–	–	–	–
Benjamin Birks	–	–	–	–	–	–
Stephen Gore	–	–	–	–	–	–
Michael Kok	–	–	–	282,888	–	–
Anthony Nightingale	–	1,186,780	19,153	34,183	6,100,000	2,184

\* Deemed interest in shares held by family trusts in which Benjamin Keswick is a beneficiary.

## **2. Directors' Interests (continued)**

In addition:

- (a) At 31st December 2021, Benjamin Keswick, Benjamin Birks and Stephen Gore held options in respect of 190,000 (1.1.21: 190,000), 70,000 (1.1.21: 70,000) and 35,000 (1.1.21: 35,000) ordinary shares, respectively, in Jardine Matheson issued pursuant to that company's Senior Executive Share Incentive Schemes.
- (b) At 31st December 2021 and 1st January 2021, Benjamin Keswick had deemed interests in 35,915,991 ordinary shares in Jardine Matheson as discretionary objects under the 1947 Trust, the income of which is available for distribution to senior executive officers and employees of Jardine Matheson and its wholly-owned subsidiaries.
- (c) At 31st December 2021 and 21st January 2022, Benjamin Birks and Stephen Gore held 25,000 ordinary shares each in the Company.

Other than as mentioned above, no person who was a director of the Company as at the end of the financial year had an interest in any shares or debentures of the Company either at the beginning or end of the financial year or on 21st January 2022.

At no time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## **3. Audit Committee**

In relation to the financial statements of the Group and the Company for the financial year ended 31st December 2021, the Audit Committee reviewed the audit plans and scope of the audit examination of the internal and external auditors of the Company. The internal and external auditors' findings on the internal controls of the companies within the Group and management's response to these findings were also discussed with the internal and external auditors and management. The Audit Committee's activities included a review of the financial statements of the Group and the Company for the financial year ended 31st December 2021 and the reports of the external auditors thereon. The Audit Committee has had four meetings since the report of the previous financial year.

The Audit Committee has recommended to the Board of Directors the re-appointment of our auditors, PricewaterhouseCoopers LLP, as external auditors of the Company at the forthcoming Annual General Meeting.

## **4. Share Options**

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

## **5. Auditors**

Our auditors, PricewaterhouseCoopers LLP, being eligible, have expressed their willingness to accept re-appointment at the Annual General Meeting.

On behalf of the directors

**Benjamin Keswick**

Director

**Steven Phan**

Director

Singapore

15th March 2022

# Independent Auditor's Report

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## Report on the Audit of the Financial Statements

### Our Opinion

In our opinion, the accompanying consolidated financial statements of Jardine Cycle & Carriage Limited (the "Company") and its subsidiaries (the "Group") and the profit and loss account, the statement of comprehensive income, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31st December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the financial year ended on that date.

### Separate Opinion in relation to International Financial Reporting Standards

As explained in Note 2.1 to the financial statements, the Group and the Company, in addition to applying SFRS(I)s, have also applied International Financial Reporting Standards ("IFRSs"). In our opinion, the consolidated financial statements of the Group and the profit and loss account, the statement of comprehensive income, the balance sheet and the statement of changes in equity of the Company give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31st December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Company for the financial year ended on that date in accordance with IFRSs.

### What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated profit and loss account of the Group for the financial year ended 31st December 2021;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the consolidated balance sheet of the Group as at 31st December 2021;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the profit and loss account of the Company for the financial year then ended;
- the statement of comprehensive income of the Company for the financial year then ended;
- the balance sheet of the Company as at 31st December 2021;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

## Our Audit Approach (continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31st December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<b>Impairment of investment in an associate – Siam City Cement Public Company Limited (“SCCC”)</b>	We have evaluated the key controls over the impairment assessment process, including the identification of indicators of impairment and appropriateness of the key inputs used in the valuation models.
<i>Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 16 (Interests in associates and joint ventures) to the financial statements.</i>	With the support of our valuation specialists, we assessed the appropriateness of the methodology used, and benchmarked and challenged key assumptions in management’s valuation models used to determine the recoverable amount. This included assumptions of projected profit of businesses, expected levels of capital expenditure, long-term growth rates and discount rates appropriate for the countries under review, using external data as well as our knowledge and experience. We also understood how management has considered the impact of the ongoing COVID-19 pandemic and the resulting heightened market uncertainties, as well as the impact of climate-related and other risks in its estimation.
As at 31st December 2021, the Group has a 25.5% interest in SCCC, an associate listed on the Stock Exchange of Thailand.	We tested the discounted cash flow models used by management in their assessment, re-performed the calculations to check their accuracy, and compared management’s projections against historical budgeted performance and actual results to assess the reasonableness of the cash flows used in the models.
Management undertook an impairment assessment on the basis that the carrying amount of the investment in SCCC as at 31st December 2021 was higher than its fair value based on prevailing market share price, as well as the heightened market uncertainties brought about by the ongoing COVID-19 pandemic.	We compared the discount rates and growth rates used to the range of typical rates used in similar businesses, considering whether management had incorporated all relevant macroeconomic and country-specific factors, as well as those specific to SCCC, in their determination of discount rates and growth rates. We have also considered the impact of COVID-19 pandemic on the discount rates and projected growth rates used in the models.
The determination of the recoverable amount requires significant judgements by management, particularly management’s view on key internal inputs and external market conditions including climate-related and other risks which impact future cash flows, discount rates and long-term growth rates.	We also tested management’s historical estimation accuracy by comparing previous projected growth rates to the actual growth rates achieved. Where differences were noted, we understood management’s rationale and performed procedures to obtain the evidence, such as actual recent performance, to support management’s estimate.
Based on management’s assessment, as the recoverable amount determined using value-in-use computation was higher than the carrying amount of the investment, no impairment charge was recognised.	We evaluated the sensitivity analysis performed by management and, in addition, performed our independent sensitivity analysis on the key assumptions, considering a range of alternative outcomes to determine the sensitivity of the valuation models to changes in assumptions.
	Based on our work performed, we found that the methodology used by management was appropriate and the judgements made by management to determine the key assumptions used in management’s valuation models were reasonable.

# Independent Auditor's Report (continued)

## Our Audit Approach (continued)

### Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of consumer financing debtors</b></p> <p>Refer to Note 2.33 (Critical accounting estimates and judgements) and Note 20 (Financing debtors) to the financial statements.</p> <p>As at 31st December 2021, the total amount due from consumer financing debtors of the Group amounted to US\$4,257.0 million (2020: US\$4,154.7 million), inclusive of an allowance for impairment of US\$339.7 million (2020: US\$329.5 million), held primarily through two subsidiaries of the Group, PT Astra Sedaya Finance and PT Federal International Finance.</p> <p>Assessing the allowance for impairment of the amounts due from consumer financing debtors requires management to make complex and subjective judgements over both the timing of recognition and estimation of the amount of impairment required. Such judgements include the impact of loan restructuring options and collateral values which arose from the heightened uncertainties caused by the COVID-19 pandemic.</p> <p>Allowances for impairment are calculated on a collective basis for large homogeneous portfolios using models driven by a number of observable inputs and management assumptions. Assumptions and parameters used in the calculations are based on historical data and current customer credit data and include the delinquency status of the borrowers. The historical loss rates are then adjusted to reflect current and forward-looking information on macroeconomic factors. Management has further considered the impact of the COVID-19 pandemic over the recoverability of consumer financing debtors, especially those which are subject to loan restructuring arrangements.</p>	<p>We evaluated the design and tested the key controls over the credit review and approval process over the granting of loans, segmentation of the portfolio of loans, identification and monitoring of loans that were impaired, and calculation of the appropriate allowances for impairment.</p> <p>We also understood how management identified impairment events and management's basis for determining whether a loan is impaired, including management's consideration of the impact of the COVID-19 pandemic and market uncertainties, and assessed the reasonableness of that basis using information obtained through discussions with management, our understanding of the Group's lending portfolios and our broader industry knowledge.</p> <p>In considering the appropriateness of allowances for impairment, we assessed whether higher risk loans, especially those subject to loan restructuring arrangements had been appropriately considered and challenged management on their key areas of judgement, in particular how they segmented the portfolio of financing debtors, the period of historical loss data used, identification of the most relevant macroeconomic factors affecting the settlement of the amounts due from consumer financing debtors and estimated market value for collaterals held based on our understanding of the counterparties and current market conditions.</p> <p>We also assessed the models used and the assumptions applied by management, such as the basis on which the probability of default is calculated and the loss given default is estimated, and how these compared with historical data, adjusting for current market conditions and trends. We challenged management on whether historical experience was representative of current circumstances and of the recent losses incurred in the portfolios. Based on our procedures, management's assumptions are supported by available industry data, historical data and within a reasonable range based on actual loss rate data.</p> <p>We tested the completeness and accuracy of the consumer loan data from underlying systems that are used in the calculations and models to determine the impairment allowances and re-performed the allowance calculations independently. Where differences between our re-computation and management's allowances were noted, we understood the basis of the differences and performed procedures to obtain the evidence to determine the reasonableness of those differences.</p> <p>Based on our work performed, we found that the key assumptions and the data used in calculating allowances for impairment were supportable based on available evidence.</p>



## **Other Information**

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 58 to 59 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report (the "Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

## **Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, SFRS(I)s and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# Independent Auditor's Report (continued)

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## Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Soh Kok Leong.

## PricewaterhouseCoopers LLP

Public Accountants and Chartered Accountants

Singapore

15th March 2022

# Consolidated Profit and Loss Account

For the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Revenue</b>	3	<b>17,688.0</b>	13,234.2
Net operating costs	4	<b>(15,992.7)</b>	(11,717.0)
<b>Operating profit</b>		<b>1,695.3</b>	1,517.2
Financing income		<b>126.1</b>	121.6
Financing charges		<b>(178.4)</b>	(258.6)
Net financing charges	6	<b>(52.3)</b>	(137.0)
Share of associates' and joint ventures' results after tax	16	<b>590.6</b>	100.2
<b>Profit before tax</b>		<b>2,233.6</b>	1,480.4
Tax	7	<b>(515.3)</b>	(234.8)
<b>Profit after tax</b>		<b>1,718.3</b>	1,245.6
<b>Profit attributable to:</b>			
Shareholders of the Company		<b>660.6</b>	540.3
Non-controlling interests		<b>1,057.7</b>	705.3
		<b>1,718.3</b>	1,245.6
		<b>US¢</b>	US¢
Earnings per share:			
– basic	9	<b>167</b>	137
– diluted	9	<b>167</b>	137

The notes on pages 75 to 165 form an integral part of the financial statements.

# Consolidated Statement of Comprehensive Income

For the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
Profit for the year		1,718.3	1,245.6
Items that will not be reclassified to profit or loss:			
Asset revaluation			
– surplus during the year		3.3	1.1
Remeasurements of defined benefit pension plans	28	(8.8)	(15.5)
Tax relating to items that will not be reclassified	7	2.7	1.3
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		(5.2)	(11.2)
		(8.0)	(24.3)
Items that may be reclassified subsequently to profit or loss:			
Translation differences			
– gain/(loss) arising during the year		(153.0)	(160.7)
Financial assets at FVOCI <sup>(1)</sup>			
– gain/(loss) arising during the year	17	(2.1)	19.1
– transfer to profit and loss		(2.5)	1.9
		(4.6)	21.0
Cash flow hedges			
– gain/(loss) arising during the year		95.5	(45.9)
– transfer to profit and loss		–	2.8
		95.5	(43.1)
Tax relating to items that may be reclassified	7	(18.6)	4.8
Share of other comprehensive income/(expense) of associates and joint ventures, net of tax		49.9	(56.8)
		(30.8)	(234.8)
Other comprehensive income/(expense) for the year		(38.8)	(259.1)
<b>Total comprehensive income for the year</b>		<b>1,679.5</b>	<b>986.5</b>
<b>Attributable to:</b>			
Shareholders of the Company		613.8	427.3
Non-controlling interests		1,065.7	559.2
		<b>1,679.5</b>	<b>986.5</b>

(1) Fair value through other comprehensive income ("FVOCI")

The notes on pages 75 to 165 form an integral part of the financial statements.

# Consolidated Balance Sheet

As at 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Non-current assets</b>			
Intangible assets	10	1,775.9	1,816.9
Right-of-use assets	11	769.4	832.4
Property, plant and equipment	12	3,852.1	4,243.2
Investment properties	13	529.1	532.2
Bearer plants	14	498.6	496.7
Interests in associates and joint ventures	16	4,385.5	4,032.6
Non-current investments	17	2,255.3	2,283.9
Non-current debtors	21	2,782.7	2,846.8
Deferred tax assets	27	391.6	370.8
		17,240.2	17,455.5
<b>Current assets</b>			
Current investments	17	45.6	60.4
Properties for sale	18	374.7	390.2
Stocks	19	1,531.9	1,320.2
Current debtors	21	5,147.1	4,676.9
Current tax assets		125.4	111.4
Bank balances and other liquid funds			
– non-financial services companies		4,210.7	3,095.1
– financial services companies		378.1	402.5
	22	4,588.8	3,497.6
		11,813.5	10,056.7
<b>Total assets</b>		29,053.7	27,512.2
<b>Non-current liabilities</b>			
Non-current creditors	23	201.5	278.4
Non-current provisions	24	183.8	186.3
Non-current lease liabilities	25	64.4	79.7
Long-term borrowings			
– non-financial services companies		2,597.1	1,719.3
– financial services companies		1,273.2	1,246.0
	26	3,870.3	2,965.3
Deferred tax liabilities	27	358.9	343.5
Pension liabilities	28	396.6	389.4
		5,075.5	4,242.6

The notes on pages 75 to 165 form an integral part of the financial statements.



# Consolidated Balance Sheet (continued)

As at 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Current liabilities</b>			
Current creditors	23	4,488.4	3,534.9
Current provisions	24	113.0	115.9
Current lease liabilities	25	52.6	65.2
Current borrowings			
– non-financial services companies		843.3	2,229.3
– financial services companies		1,846.6	1,930.4
	26	2,689.9	4,159.7
Current tax liabilities		239.0	87.3
		7,582.9	7,963.0
<b>Total liabilities</b>		12,658.4	12,205.6
<b>Net assets</b>		16,395.3	15,306.6
<b>Equity</b>			
Share capital	29	1,381.0	1,381.0
Revenue reserve	30	7,374.3	6,937.7
Other reserves	31	(1,387.1)	(1,344.6)
Shareholders' funds		7,368.2	6,974.1
Non-controlling interests	32	9,027.1	8,332.5
<b>Total equity</b>		16,395.3	15,306.6

The notes on pages 75 to 165 form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31st December 2021

		Attributable to shareholders of the Company							
	Note	Share capital US\$m	Revenue reserve US\$m	Asset revaluation reserve US\$m	Translation reserve US\$m	Fair value and other reserves US\$m	Total US\$m	Attributable to non-controlling interests US\$m	Total equity US\$m
<b>2021</b>									
Balance at 1st January		1,381.0	6,937.7	403.4	(1,683.7)	(64.3)	6,974.1	8,332.5	15,306.6
Total comprehensive income		–	656.3	1.3	(90.9)	47.1	613.8	1,065.7	1,679.5
Dividends paid by the Company	8	–	(204.7)	–	–	–	(204.7)	–	(204.7)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(313.8)	(313.8)
Issue of shares to non-controlling interests		–	–	–	–	–	–	36.5	36.5
Change in shareholding		–	(14.9)	–	–	–	(14.9)	(92.5)	(107.4)
Other		–	(0.1)	–	–	–	(0.1)	(1.3)	(1.4)
Balance at 31st December		1,381.0	7,374.3	404.7	(1,774.6)	(17.2)	7,368.2	9,027.1	16,395.3
<b>2020</b>									
Balance at 1st January		1,381.0	6,720.0	403.4	(1,611.0)	(33.3)	6,860.1	8,124.4	14,984.5
Total comprehensive income		–	529.4	–	(72.7)	(29.4)	427.3	559.2	986.5
Dividends paid by the Company	8	–	(311.2)	–	–	–	(311.2)	–	(311.2)
Dividends paid to non-controlling interests		–	–	–	–	–	–	(390.6)	(390.6)
Issue of shares to non-controlling interests		–	–	–	–	–	–	38.9	38.9
Change in shareholding		–	(0.8)	–	–	–	(0.8)	0.8	–
Other		–	0.3	–	–	(1.6)	(1.3)	(0.2)	(1.5)
Balance at 31st December		1,381.0	6,937.7	403.4	(1,683.7)	(64.3)	6,974.1	8,332.5	15,306.6

The notes on pages 75 to 165 form an integral part of the financial statements.

# Profit and Loss Account

For the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Revenue</b>	3	<b>245.9</b>	317.6
Net operating income/(costs)	4	<b>0.6</b>	(168.3)
<b>Operating profit</b>		<b>246.5</b>	149.3
Financing income		<b>0.1</b>	0.1
Financing charges		<b>(17.1)</b>	(22.0)
Net financing charges	6	<b>(17.0)</b>	(21.9)
<b>Profit before tax</b>		<b>229.5</b>	127.4
Tax	7	<b>(22.4)</b>	(28.1)
<b>Profit after tax</b>		<b>207.1</b>	99.3

The notes on pages 75 to 165 form an integral part of the financial statements.

# Statement of Comprehensive Income

For the year ended 31st December 2021

	2021 US\$m	2020 US\$m
Profit for the year	207.1	99.3
Items that may be reclassified subsequently to profit or loss:		
Translation difference		
– gain/(loss) arising during the year	(49.7)	37.9
Other comprehensive income/(expense) for the year	(49.7)	37.9
<b>Total comprehensive income for the year</b>	<b>157.4</b>	<b>137.2</b>

The notes on pages 75 to 165 form an integral part of the financial statements.

# Balance Sheet

As at 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Non-current assets</b>			
Property, plant and equipment	12	33.1	34.1
Interests in subsidiaries	15	1,416.5	1,412.2
Interests in associates and joint ventures	16	976.0	998.2
Non-current investment	17	264.5	223.0
		2,690.1	2,667.5
<b>Current assets</b>			
Current debtors	21	1,129.8	1,157.0
Bank balances and other liquid funds	22	24.2	46.5
		1,154.0	1,203.5
<b>Total assets</b>		3,844.1	3,871.0
<b>Non-current liabilities</b>			
Long-term borrowings	26	1,535.9	–
Deferred tax liabilities	27	6.2	6.3
		1,542.1	6.3
<b>Current liabilities</b>			
Current creditors	23	109.2	65.2
Current borrowings	26	10.0	1,569.1
Current tax liabilities		1.5	1.8
		120.7	1,636.1
<b>Total liabilities</b>		1,662.8	1,642.4
<b>Net assets</b>		2,181.3	2,228.6
<b>Equity</b>			
Share capital	29	1,381.0	1,381.0
Revenue reserve	30	474.1	471.7
Other reserves	31	326.2	375.9
<b>Total equity</b>		2,181.3	2,228.6

The notes on pages 75 to 165 form an integral part of the financial statements.



# Statement of Changes in Equity

For the year ended 31st December 2021

	Note	Share capital US\$m	Revenue reserve US\$m	Translation reserve US\$m	Total equity US\$m
<b>2021</b>					
Balance at 1st January		1,381.0	471.7	375.9	2,228.6
Total comprehensive income		–	207.1	(49.7)	157.4
Dividends paid	8	–	(204.7)	–	(204.7)
Balance at 31st December		1,381.0	474.1	326.2	2,181.3
<b>2020</b>					
Balance at 1st January		1,381.0	683.6	338.0	2,402.6
Total comprehensive income		–	99.3	37.9	137.2
Dividends paid	8	–	(311.2)	–	(311.2)
Balance at 31st December		1,381.0	471.7	375.9	2,228.6

The notes on pages 75 to 165 form an integral part of the financial statements.

# Consolidated Statement of Cash Flows

For the year ended 31st December 2021

	Note	2021 US\$m	2020 US\$m
<b>Cash flows from operating activities</b>			
Cash generated from operations	37	3,096.0	3,002.1
Interest paid		(139.1)	(215.5)
Interest received		137.3	112.0
Other finance costs paid		(35.5)	(68.4)
Income taxes paid		(374.8)	(361.7)
		(412.1)	(533.6)
Dividends received from associates and joint ventures (net)		344.4	285.9
		(67.7)	(247.7)
<i>Net cash flows from operating activities</i>		3,028.3	2,754.4
<b>Cash flows from investing activities</b>			
Sale of intangible assets		–	0.6
Sale of property, plant and equipment		32.2	34.4
Sale of associates and joint ventures		–	1,138.3
Sale of investments		245.5	444.8
Purchase of intangible assets		(118.5)	(96.5)
Additions to right-of-use assets		(13.3)	(18.1)
Purchase of property, plant and equipment		(349.2)	(309.4)
Purchase of investment properties		(1.4)	(6.3)
Additions to bearer plants		(31.7)	(34.8)
Purchase of subsidiaries, net of cash acquired	38	–	(51.8)
Purchase of shares in associates and joint ventures		(77.1)	(32.5)
Purchase of investments		(375.0)	(483.4)
<i>Net cash flows from investing activities</i>		(688.5)	585.3
<b>Cash flows from financing activities</b>			
Drawdown of loans	26	4,275.7	1,903.0
Repayment of loans	26	(4,812.1)	(2,865.8)
Principal elements of lease payments		(104.0)	(133.8)
Changes in controlling interests in subsidiaries		(107.4)	–
Investments by non-controlling interests		36.5	38.9
Dividends paid to non-controlling interests		(313.8)	(390.6)
Dividends paid by the Company	8	(204.7)	(311.2)
<i>Net cash flows from financing activities</i>		(1,229.8)	(1,759.5)
Net change in cash and cash equivalents		1,110.0	1,580.2
Cash and cash equivalents at the beginning of the year		3,497.6	1,843.4
Effect of exchange rate changes		(18.8)	74.0
Cash and cash equivalents at the end of the year	38	4,588.8	3,497.6

The notes on pages 75 to 165 form an integral part of the financial statements.

# Notes to the Financial Statements

For the year ended 31st December 2021

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 General

The Company is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 239, Alexandra Road, Singapore 159930.

The principal activities of the Group are the manufacture, assembly, distribution and retail of motor vehicles and motorcycles, financial services, heavy equipment, mining, construction & energy, agribusiness, infrastructure and logistics, information technology and property. The Company acts as an investment holding company and a provider of management services.

On 15th March 2022, the Jardine Cycle & Carriage Limited Board of Directors authorised the financial statements for issue.

## 2 Significant Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### 2.1 Basis of Preparation

The financial statements of the Group and the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") and International Financial Reporting Standards ("IFRS") under the historical cost convention, except as disclosed in the accounting policies below.

SFRS(I) comprise standards and interpretations that are equivalent to IFRS. All references to SFRS(I) and IFRS are referred to collectively as "IFRS" in these financial statements, unless specified otherwise.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 2.33.

#### Interpretations and amendments to published standards effective 2021

On 1st January 2021, the Group has adopted the new or amended IFRS and Interpretations of IFRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS and Interpretations of IFRS.

The adoption of these new or amended IFRS and Interpretations of IFRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

*Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* (effective from 1st January 2021)

The amendments provide practical expedient from certain requirements under the IFRSs as a result of the reform which affect the measurement of financial assets, financial liabilities and lease liabilities, and a number of reliefs for hedging relationships. The Group applied the amendments from 1st January 2021 and there is no significant impact on the Group's consolidated financial statements.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.1 Basis of Preparation (continued)

*COVID-19 Related Rent Concessions beyond 30th June 2021: Amendment to IFRS 16 Leases* (effective from 1st April 2021)

The Group adopted and applied the practical expedient of the *COVID-19 Related Rent Concessions: Amendment to IFRS 16 Leases*, published in June 2020 ('2020 amendment'), in the 2020 annual financial statements. The 2021 amendment extends the practical expedient in the 2020 amendment to eligible lease payments due on or before 30th June 2022. By using the 2021 amendment, the Group continues to apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances, and does not assess these concessions as lease modifications.

A number of new standards and amendments, which are effective for accounting periods beginning after 2021, have been published and will be adopted by the Group from their effective dates. An assessment of the impact of the standards and amendments, that are relevant or may have a material impact to the Group, is set out below.

*Amendment to IFRS 9: Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* (effective from 1st January 2022) clarifies the requirement to derecognise the original financial liability and recognise a new financial liability where there is an exchange between an existing borrower and lender of debt instrument with substantially different terms. The amendments clarifies that the terms are substantially different if the discounted present value of the cash flows under the new terms using the original effective interest rate, including any fees paid net of any fees received, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. The Group will apply the amendment from 1st January 2022, but it is not expected that the adoption will have a significant impact on the Group's consolidated financial statements.

*Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract* (effective from 1st January 2022) clarifies that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group will apply the amendment from 1st January 2022, but it is not expected that the adoption will have a significant impact on the Group's consolidated financial statements.

*IFRS 17 Insurance Contracts* (effective from 1st January 2023) will only have effect on the Group's insurance companies in Indonesia. The Group is assessing the potential impact on the Group's consolidated financial statements.

*Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective from 1st January 2023) requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts taxable and deductible temporary differences. They typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The Group is assessing the potential impact on the Group's consolidated financial statements.

## 2 Significant Accounting Policies (continued)

### 2.2 Consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, and the Group's interests in associates and joint ventures on the basis set out below.

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of acquisition includes the fair value at the acquisition date of any contingent consideration. The Group recognises the non-controlling interest's proportionate share of the recognised identifiable net assets of the acquired subsidiary. In a business combination achieved in stages, the Group remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss in the profit and loss account. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in the profit and loss account.

All material inter-company transactions, balances and unrealised gains and deficits on transactions between Group companies have been eliminated.

An associate is an entity, not being a subsidiary or joint venture, over which the Group exercises significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting and are initially recorded at cost. The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are included in the carrying amount of the associates and joint ventures. Its share of post-acquisition profit and loss is recognised in the consolidated profit and loss account.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the consolidated financial statements only to the extent of unrelated investor's interests in the associates and joint ventures.

The results of subsidiaries, associates and joint ventures are included or excluded from the consolidated financial statements from the effective dates of acquisition or disposal, respectively. The results of entities other than subsidiaries, associates and joint ventures are included to the extent of dividends received when the right to receive such dividend is established.

Non-controlling interests represent the proportion of the results and net assets of subsidiaries and their associates and joint ventures not attributable to the Group.



# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.3 Property, Plant and Equipment

Freehold properties comprised land and buildings. Freehold land is stated at cost less any impairment. No depreciation is provided on freehold land as it is deemed to have an indefinite life. Buildings on freehold and leasehold land are stated at cost less any accumulated depreciation and impairment loss. The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Mining properties, which are contractual rights to mine and own coal and gold reserves in specified concession areas, and other assets are stated at historical cost or at fair value if acquired as part of a business combination, less accumulated depreciation and impairment loss. Cost of mining properties includes expenditure to restore and rehabilitate coal and gold mining areas following the completion of production.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial year in which they are incurred.

Mining properties are depreciated using the unit of production method. Depreciation of all other assets is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Building and leasehold improvements	3 <sup>1</sup> / <sub>3</sub> % – 50%
Plant and machinery	4% – 50%
Office furniture, fixtures and equipment	10% – 50%
Transportation equipment and motor vehicles	4% – 50%

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at each balance sheet date and adjusted, if appropriate.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

### 2.4 Bearer Plants and Agricultural Produce

Bearer plants are stated at cost less any accumulated depreciation and impairment loss. The cost of bearer plants includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the development of immature bearer plants and an allocation of other indirect costs based on planted hectares. Bearer plants are considered mature within three to four years after planting and generating fresh fruit bunches which average four to six tonnes per hectare per year. Depreciation of mature bearer plants commences in the year when the bearer plants are mature using the straight-line method over the estimated useful life of 20 years.

Agricultural produce growing on bearer plants comprise oil palm fruits which are measured at fair value. Changes in fair value are recorded in the profit and loss account.

### 2.5 Investment Properties

Investment properties are properties held for long-term rental yields or capital gains, but their business model does not necessarily envisage that the properties will be held for their entire useful lives. Investment properties are stated at fair value, representing estimated open market value determined annually by independent qualified valuers who have recent experience in the location and category of the investment property being valued. Changes in fair values are recorded in the profit and loss account. Due to the absence of an active market, investment properties under development are measured at cost until their fair values become reliably measurable or construction is completed (whichever is earlier).

## 2 Significant Accounting Policies (continued)

### 2.6 Intangible Assets

i) Goodwill

Goodwill represents the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition-date fair value of any previously held equity interest in the acquiree over the acquisition-date fair value of the net identifiable assets acquired. Non-controlling interests are measured at their proportionate share of the net identifiable assets at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the profit and loss account. Goodwill on acquisition of associates and joint ventures is included in interests in associates and joint ventures while goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of subsidiaries is tested annually for impairment and carried at cost less accumulated impairment loss. Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing.

The profit or loss on disposal of subsidiaries, associates and joint ventures is stated after deducting the carrying amount of goodwill relating to the entity sold.

ii) Franchise rights

Franchise rights, which are rights under franchise agreements, are separately identified intangible assets acquired as part of a business combination. These franchise agreements are deemed to have indefinite lives because either they do not have any term of expiry or their renewal by the Group would be probable and would not involve significant costs, taking into account the history of renewal and the relationships between the franchisee and contracting parties. Franchise rights are not amortised, but are tested annually for impairment and carried at cost less accumulated impairment loss.

iii) Concession rights

Concession rights are operating rights for toll roads under service concession agreements. The cost of the construction services is amortised based on traffic volume projections over the period of the concession.

iv) Customer acquisition costs

Customer acquisition costs which are directly related to insurance contracts, such as commissions, are capitalised and subsequently amortised over the lives of the contracts that range from 1 to 10 years.

v) Deferred exploration costs

Exploration costs are capitalised when the rights of tenure of a mining area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area. Stripping costs incurred during the production phase are capitalised when there is improved access to the ore body in future periods. Deferred exploration costs are amortised using the unit of production method, and are assessed for impairment if facts and circumstances indicate that an impairment may exist.

vi) Computer software

Computer software is stated at cost less accumulated amortisation and impairment loss. These costs are amortised using the straight-line method over their estimated useful lives that range from 1 to 10 years.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.7 Impairment of Non-Financial Assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment annually.

### 2.8 Investments

The Group classifies its investments into the following measurement categories:

- i) those to be measured subsequently at fair value, either through other comprehensive income or through profit and loss; and
- ii) those to be measured at amortised cost.

The classification is based on the management's business model and their contractual cash flows characteristics.

Equity investments are measured at fair value with fair value gains and losses recognised in profit and loss, unless management has elected to recognise the fair value gains and losses through other comprehensive income. For equity investments measured at fair value through other comprehensive income, gains or losses realised upon disposal are not reclassified to profit and loss. Dividends from equity investments are recognised in profit and loss when the right to receive payments is established.

Debt investments that are held for collection of contractual cash flows and for sale, where the cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. On disposal, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit and loss. Interest income calculated using the effective interest rate method is recognised in profit and loss.

Debt investments that are held for collection of contractual cash flows till maturity, where the cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised in profit and loss. Interest income calculated using the effective interest rate method is recognised in profit and loss.

At initial recognition, the Group measures an investment at its fair value. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit and loss. In the case of the investment not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the investment are capitalised.

Investments with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group assesses on a forward-looking basis the expected credit losses associated with both types of debt instruments. They are considered "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Any impairment is recognised in profit and loss.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment.

Investments are classified as non-current assets, unless in the case of debt investments with maturities less than 12 months after the balance sheet date, are classified as current assets.

## **2 Significant Accounting Policies (continued)**

### **2.9 Investments in Subsidiaries, Associates and Joint Ventures**

Investments in subsidiaries, associates and joint ventures are stated in the financial statements of the Company at cost. When an indication of impairment exists, the carrying amount of the investment is written down immediately to its recoverable amount. The write-down is charged to the profit and loss account.

### **2.10 Properties for Sale**

Properties for sale, which comprise land and buildings held for resale, are stated at the lower of cost and net realisable value. The cost of properties for sale comprises land costs, construction and other development costs, and borrowing costs.

### **2.11 Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is generally determined using the first-in, first-out method, specific identification method and weighted average method. The cost of finished goods and work in progress comprises goods held for resale, raw materials, labour and an appropriate portion of overheads. The net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

### **2.12 Debtors**

Financing and trade debtors are recognised initially at the amount of consideration that is unconditional and measured subsequently at amortised cost using the effective interest method. Finance lease receivables are shown as the finance lease receivables plus the guaranteed residual values at the end of the lease period, net of unearned finance lease income, security deposits and provision of doubtful receivables. A contract asset arises if the Group has a right to consideration in exchange for goods or services the Group has transferred to a customer, that is conditional on something other than the passage of time. Repossessed collateral of finance companies are measured at the lower of the carrying amount of the debtors in default and fair value less costs to sell. All other debtors, excluding derivative financial instruments, are measured at amortised cost except where the effect of discounting would be immaterial.

The Group assesses on a forward-looking basis using the three stages expected credit losses model on potential losses associated with its consumer financing debtors and financing lease receivables. The impairment measurement is subject to whether there has been a significant increase in credit risk. For trade debtors and contract assets, the Group applied the simplified approach as permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the debtors. An allowance for impairment is established when there is objective evidence that the outstanding amounts will not be collected. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtor is impaired.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in arriving at operating profit. When a debtor is uncollectible, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit and loss.

Debtors with maturities greater than 12 months after the balance sheet date are classified under non-current assets.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

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## 2 Significant Accounting Policies (continued)

### 2.13 Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits with banks and financial institutions, bank and cash balances, net of bank overdrafts. In the balance sheet, bank overdrafts are included under current borrowings.

### 2.14 Borrowings

Borrowings are initially stated at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date. Borrowing costs that are not used in financing the acquisition or construction of qualifying assets, are recognised as an expense in the period in which they are incurred.

### 2.15 Provisions

Provisions are recognised when the Group has present legal or constructive obligations as a result of past events, it is more likely than not that an outflow of economic resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount of the obligation can be made.

- i) Warranty and goodwill expenses  
The Group recognises the estimated liability that falls due under the warranty terms offered on sale of new and used vehicles beyond that which is reimbursed by the manufacturer. The provision is calculated based on the past history of repairs.
- ii) Closure costs  
The Group recognises a provision for closure costs when legal or constructive obligations arise on closure or disposal of businesses.
- iii) Statutory employee entitlements  
The Group recognises a provision for statutory employee entitlements which are related to long service leave and service awards in Indonesia.

### 2.16 Creditors

Creditors, excluding derivative financial instruments, are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Creditors are classified under non-current liabilities unless their maturities are within 12 months after the balance sheet date.



## 2 Significant Accounting Policies (continued)

### 2.17 Employee Benefits

#### i) Pension obligations

The Group operates a number of defined benefit and defined contribution plans.

Pension accounting costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to the profit and loss account spreading the regular cost over the service period in which employees accrue benefits, in accordance with the advice of qualified actuaries, who carry out a full valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on government bonds which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the year in which they occur, and are recognised in other comprehensive income and accumulated under equity in the revenue reserve. Past service costs are recognised immediately in the profit and loss account.

The Group pays fixed contributions into separate entities for defined contribution plans and has no legal or constructive obligations once the contributions are paid. The Group's contributions to the defined contribution plans are charged to the consolidated profit and loss account in the period to which the contributions relate.

#### ii) Share-based compensation

The fair value of the employee services received in exchange for the grant of the options in respect of shares in the Company or in its subsidiaries is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options on the grant date, excluding the impact of non-market vesting conditions. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to share option reserve over the remaining vesting period.

The proceeds received net of any transaction costs are credited to share capital when the options are exercised.

#### iii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.18 Foreign Currencies

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the Singapore Dollar. The financial statements of the Group and the Company are presented in United States Dollars to serve the needs of the readers of the Group's and the Company's financial statements who are spread globally and reflects the international nature of the Group.

Foreign currency transactions of each entity in the Group are translated into its functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account, except when recognised in other comprehensive income and accumulated under equity in the hedging reserve as qualifying cash flow hedges.

Translation differences on other investments measured at fair value through other comprehensive income are recognised in other comprehensive income as part of the gains and losses arising from changes in their fair value.

For the purpose of consolidation, the balance sheets of foreign entities are translated into the Group's presentation currency in United States Dollars at the rates of exchange prevailing at the balance sheet date and the results of foreign entities are translated into United States Dollars at the average exchange rates for the financial year. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity under the translation reserve. On disposal, these translation differences are recognised in the profit and loss account as part of the gain or loss on sale. None of the Group's entities has the currency of a hyperinflationary economy.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange prevailing at the balance sheet date. For the purpose of presenting the financial statements of the Company in United States Dollars, assets and liabilities of the Company are translated at the rates of exchange prevailing at the balance sheet date, the results of the Company are translated at the average exchange rates for the financial year and share capital and reserves are translated at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are taken to the Company's translation reserve.

The exchange rates used for translating assets and liabilities at the balance sheet date are US\$1=S\$1.3517 (2020: US\$1=S\$1.3216), US\$1=RM4.1735 (2020: US\$1=RM4.0245), US\$1=IDR14,269 (2020: US\$1=IDR14,105), US\$1=VND22,790 (2020: US\$1=VND23,086) and US\$1=THB33.318 (2020: US\$1=THB29.920).

The exchange rates used for translating the results for the year are US\$1=S\$1.3433 (2020: US\$1=S\$1.3771), US\$1=RM4.1485 (2020: US\$1=RM4.2022), US\$1=IDR14,345 (2020: US\$1=IDR14,647), US\$1=VND22,915 (2020: US\$1=VND23,247) and US\$1=THB32.118 (2020: US\$1=THB31.309).

## 2 Significant Accounting Policies (continued)

### 2.19 Revenue Recognition

i) Motor vehicles

Revenue from the sale of motor vehicles, including motorcycles, and rendering of aftersales services, is recognised through dealership structures. In instances where the contracts with customers include multiple deliverables, the separate performance obligations are identified. The transaction price, which is represented by the consideration fixed in the contract and net of discounts if any, is then allocated to each performance obligation based on their relative stand-alone selling prices. When a stand-alone selling price is not directly observable, it is estimated. Revenue from the sale of motor vehicles is recognised when control of the motor vehicles is transferred to the customer, which generally coincides with the point of delivery. Revenue from the aftersales services is recognised when the services are rendered. In instances where payments are received in advance from customers but there are unfulfilled aftersales services obligations by the Group, a contract liability is recognised for which revenue is subsequently recognised over time as the services are rendered.

ii) Financial services

Revenue from consumer financing and finance leases is recognised over the term of the respective contracts based on a constant rate of return on the net investment, using the effective interest method. Revenue from insurance premiums is recognised proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

iii) Heavy equipment, mining, construction & energy

Heavy equipment

Revenue from heavy equipment includes sale of heavy equipment and rendering of maintenance services. In instances where the contracts with customers include multiple deliverables, the separate performance obligations are identified and generally referred as sale of heavy equipment and rendering of maintenance services. The transaction price, which is represented by the consideration fixed in the contract and net of discounts if any, is then allocated to each performance obligation based on their relative stand-alone selling prices. Revenue from the sale of heavy equipment is recognised when control of the heavy equipment is transferred to the customer, which generally coincides with the point of delivery. Payments from customers for maintenance services are received in advance and recognised as a contract liability. Revenue from the maintenance services is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be reported, as soon as it can be estimated reliably. The stage of completion is measured by reference to cost incurred to date compared to estimated total costs for each contract.

Mining

Revenue from mining includes contract mining services and through the Group's own production. The performance obligations identified under contract mining services relate to the extraction of mining products and removal of overburden on behalf of the customers. Revenue is recognised when the services are rendered by reference to the volume of mining products extracted and overburden removed at contracted rates, and payment is due upon delivery. Revenue from its own mining production is recognised when control of the output is transferred to the customer, which generally coincides with the point of delivery.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.19 Revenue Recognition (continued)

- iii) Heavy equipment, mining, construction & energy (continued)

#### Construction

Revenue from construction includes contracts to provide construction and foundation services for building, civil and maritime works. Under the contracts, the Group's construction activities creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, and hence revenue is recognised over time by reference to the progress towards completing the construction works. Under this method, the revenue recognised is based on the latest estimate of the total value of the contract and actual completion rate determined by reference to the physical state of progress of the works.

Claims and liquidated damages are accounted for as variable consideration and are included in contract revenue provided that it is highly probable that a significant reversal will not occur in the future.

- iv) Property

#### Properties for sale

Revenue from properties for sale is recognised when or as the control of the property is transferred to the customer. Revenue consists of the fair value of the consideration received and receivable, net of value added tax, rebates and discounts. Proceeds received in advance for pre-sale are recorded as contract liabilities. Depending on the terms of the contract and the laws that apply to the contract, control of the property may transfer over time or at a point in time.

If control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the property.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For properties for sale under development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

#### Investment properties

Rental income from investment properties are accounted for on an accrual basis over the lease terms.

### 2.20 Government Grants

Grants from government are recognised at their fair values where there is reasonable assurance that the grants will be received, and the Group will comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred are recognised in the profit and loss as other income on a systematic basis in the period in which the expenses are recognised. Unconditional grants are recognised in the profit and loss as other income when they become receivable.

Grants related to assets are deducted in arriving at the carrying value of the related assets.

## **2 Significant Accounting Policies (continued)**

### **2.21 Tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Provision for deferred tax is made on the revaluation of certain non-current assets and, in relation to business acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. Deferred tax is provided on temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### **2.22 Leases**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease contracts may contain lease and non-lease components. The Group allocates the consideration in the contract to lease and non-lease component based on their relative stand-alone prices. For property leases where the Group is a lessee, it has elected not to separate lease and immaterial non-lease components and accounts for these items as a single lease component.

(i) As a lessee

The Group enters into property leases for use as retail stores and offices, as well as leases for plant and machinery and motor vehicles for use in its operations.

The Group recognises right-of-use assets and lease liabilities at the lease commencement dates, that is the dates the underlying assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes amounts of the initial measurement of lease liabilities recognised, lease payments made at or before the commencement dates less any lease incentives received, initial direct costs incurred and restoration costs. Right-of-use assets are depreciated using the straight-line method over the shorter of their estimated useful lives and the lease terms.

When right-of-use assets meet the definition of investment properties, they are presented in investment properties, and are initially measured at cost and subsequently measured at fair value, in accordance with the Group's accounting policy.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.22 Leases (continued)

(i) As a lessee (continued)

The Group also has interests in leasehold land for use in its operations. Lump sum payments were made upfront to acquire these land interests from their previous registered owners or governments in the jurisdictions where the land is located. There are no ongoing payments to be made under the term of the land leases, other than insignificant lease renewal costs or payments based on rateable value set by the relevant government authorities. These payments are stated at cost and are amortised over the term of the lease which includes the renewal period if the lease can be renewed by the Group without significant cost.

Lease liabilities are measured at the present value of lease payments to be made over the lease terms. Lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised and payments of penalties for terminating a lease, if the lease term reflects the Group exercising that option. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease liabilities are measured at amortised cost using the effective interest method. After the commencement date, the amount of lease liabilities is increased by the interest costs on the lease liabilities and decreased by lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in the lease term, or there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise an extension or a termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (i.e. US\$5,000 or less) and short-term leases. Low-value assets comprised IT equipment and small items of office furniture. Short-term leases are leases with a lease term of 12 months or less. Lease payments associated with these leases are recognised on a straight-line basis as an expense in profit and loss over the lease term.

Lease liabilities are classified as non-current liabilities unless payments are within 12 months from the balance sheet date.

(ii) As a lessor

The Group enters into contracts with lease components as a lessor primarily on its investment properties. These leases are operating leases as they do not transfer the risk and rewards incidental to the underlying investment properties. The Group recognises the lease payments received under these operating leases on a straight-line basis over the lease term as part of revenue in the profit and loss.

### 2.23 Non-current Assets held for Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Once classified as held for sale, the assets are no longer amortised or depreciated.



## **2 Significant Accounting Policies (continued)**

### **2.24 Insurance Contracts**

Insurance contracts are those contracts that transfer significant insurance risk. Premiums are recognised as revenue (earned premiums) proportionately over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

Claims and loss adjustment expenses are charged to profit and loss account as incurred based on the estimated liabilities for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the balance sheet date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analysis for the claims incurred but not reported.

### **2.25 Financial Guarantee Contracts**

Financial guarantee contracts under which the Group accepts significant risk from a third party by agreeing to compensate that party on the occurrence of a specified uncertain future event are accounted for in a manner similar to insurance contracts. Provisions are recognised when it is probable that the guarantee will be called upon and an outflow of resources embodying economic benefits will be required to settle the obligations.

### **2.26 Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### **2.27 Non-trading Items**

Non-trading items are separately identified to provide greater understanding of the Group's underlying business performance. Items classified as non-trading items include fair value gains or losses on revaluation of investment properties, agricultural produce and equity investments which are measured at fair value through profit and loss; gains and losses arising from sale of businesses, investments and properties; impairment of non-depreciable intangible assets, associates and joint ventures and other investments; provisions for closure of businesses; acquisition-related costs in business combinations and other credits and charges of a non-recurring nature that require inclusion in order to provide additional insight into the Group's underlying business performance.

### **2.28 Derivative Financial Instruments**

The Group only enters into derivative financial instruments in order to hedge underlying exposures and not as speculative investments. Derivative financial instruments are initially recognised in the balance sheet at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair values. The method of recognising the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge), a hedge of a forecasted transaction or of the foreign currency risk on a firm commitment (cash flow hedge) or a hedge of a net investment in a foreign entity.

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.28 Derivative Financial Instruments (continued)

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective, are recorded in the profit and loss account, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the profit and loss account within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the profit and loss account. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, the cumulative adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the profit and loss account over the residual period to maturity.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in other comprehensive income and accumulated in equity under the hedging reserve. Changes in the fair value relating to the ineffective portion are recognised immediately in the profit and loss account. Where the hedged item results in the recognition of a non-financial asset or of a non-financial liability, the deferred gains and losses are included in the initial measurement of the cost of the asset or liability. The deferred amounts are ultimately recognised in the profit and loss account as the hedged item affects profit and loss. Otherwise, amounts deferred in equity are transferred to the profit and loss account in the same periods during which the hedged firm commitment or forecasted transaction affects the profit and loss account. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit and loss within finance cost at the same time as the interest expense on the hedged borrowings. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in hedging reserve at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the profit and loss account. When a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in hedging reserve is immediately transferred to the profit and loss account.

Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IFRS 9. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IFRS 9 are recognised immediately in the profit and loss account.

Hedges of net investments in foreign entities are accounted for on a similar basis to that used for cash flow hedges. Changes in the fair value of the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in equity under the translation reserve; changes in the fair value relating to the ineffective portion is recognised immediately in the profit and loss account.

The fair value of derivative financial instruments is classified as a non-current asset or liability if the remaining maturities of the derivative financial instruments are greater than 12 months after the balance sheet date.

### 2.29 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board who is responsible for allocating resources and assessing performance of the operating segments.

### 2.30 Dividends

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

## 2 Significant Accounting Policies (continued)

### 2.31 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.32 Financial Risk Management

#### i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group co-ordinates, under the directions of the directors, financial risk management policies and their implementation on a group-wide basis. The Group's treasury policies are designed to manage the financial impact of fluctuations in interest rates and exchange rates and to minimise the Group's financial risks. The Group uses derivative financial instruments, principally interest rate swaps, caps and collars, cross-currency swaps, forward foreign exchange contracts, forward currency options and commodity forward contracts, options and zero collar as appropriate for hedging transactions and managing the Group's assets and liabilities in accordance with the Group's financial risk management policies. Financial derivative contracts are executed between third party banks and the Group entity that is directly exposed to the risk being hedged. Hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. The effective portion of the change in the fair value of the hedging instrument is deferred into the cash flow hedge reserve through other comprehensive income and will be recognised in profit and loss when the hedged item affects profit and loss. In general, the volatility in profit and loss can be reduced by applying hedge accounting.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. The Group assesses whether the derivative designated in each hedging relationship has been and expected to be effective in offsetting changes in cash flow of the hedged item using the hypothetical derivative method.

Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated for hedges of foreign currency purchases, or if there are changes in the credit risk of the Group or the derivative counterparty.

The Group enters into interest rate swaps that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, effective economic relationship existed between the swaps and the loans.

Hedge ineffectiveness for interest rate swaps is assessed using the same principles as for hedges of foreign currency purchases. It may occur due to: (i) the credit value/debit value adjustment on the interest rate swaps which is not matched by the loan; (ii) differences in critical terms between the interest rate swaps and loans; and (iii) the effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt). The ineffectiveness during 2021 or 2020 in relation to interest rate swaps and other hedges was not material.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
  - a) Market risk

#### Foreign exchange risk

Entities within the Group are exposed to foreign exchange risk from future commercial transactions, net investments in foreign operations and net monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Entities in the Group use cross-currency swaps, forward foreign exchange contracts and foreign currency options in a consistent manner to hedge firm and anticipated foreign exchange commitments and manage their foreign exchange risk arising from future commercial transactions. The Group does not usually hedge its net investments in foreign operations except in circumstances where there is a material exposure arising from a currency that is anticipated to be volatile and the hedging is cost effective. Group entities are required to manage their foreign exchange risk against their functional currency. Foreign currency borrowings are swapped into the entity's functional currency using cross-currency swaps except where the foreign currency borrowings are repaid with cash flows generated in the same foreign currency. The purpose of these hedges is to mitigate the impact of movements in foreign exchange rates on assets and liabilities and the profit and loss account of the Group.

Currency risks as defined by IFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency. At 31st December 2021, the Group's Indonesian Rupiah functional currency entities had United States Dollar denominated net monetary assets of US\$85.9 million (2020: net monetary liabilities of US\$189.1 million). At 31st December 2021, if the United States Dollar had strengthened/weakened by 10% against the Indonesian Rupiah with all other variables held constant, the profit attributable to shareholders of the Group would have been US\$3.2 million higher/lower (2020: US\$2.6 million lower/higher), arising mainly from foreign exchange gains/losses taken to the profit and loss account on translation. The sensitivity analysis ignores any offsetting foreign exchange factors and has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date. The stated change represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual balance sheet date. There are no other significant monetary balances held by Group entities at 31st December 2021 that are denominated in a non-functional currency other than the cross-currency swap contracts with contract amounts of US\$2,052.4 million (2020: US\$2,599.0 million) and the United States Dollar denominated net monetary liabilities of the Company as described below. Differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

Since the Group manages the interdependencies between foreign exchange risk and interest rate risk of foreign currency borrowings using cross-currency swaps, the sensitivity analysis on financial impacts arising from cross-currency swaps is included in the sensitivity assessment on interest rates under the interest rate risk section.

At 31st December 2021, the Company had United States Dollar denominated net monetary liabilities of US\$1,234.9 million (2020: US\$1,256.8 million). At 31st December 2021, if the United States Dollar had strengthened/weakened by 10% against the Singapore Dollar with all other variables held constant, the profit attributable to shareholders of the Company would have been US\$123.5 million lower/higher (2020: US\$125.6 million), arising mainly from foreign exchange losses/gains taken to the profit and loss account on translation.

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
  - a) Market risk (continued)

#### Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed partly by using natural hedges that arise from offsetting interest rate sensitive assets and liabilities, and partly through fixed rate borrowings and the use of interest rate swaps, caps and collars. The Group monitors interest rate exposure on a monthly basis by currency and business unit, taking into consideration proposed financing and hedging arrangements. The Group's guideline is to maintain 40% – 60% of its gross borrowings, exclusive of the financial services companies, in fixed rate instruments. The financial services companies borrow predominantly at a fixed rate. The interest rate profile of the Group's borrowings after taking into account hedging transactions are set out in Note 26.

Cash flow interest rate risk is the risk that changes in market interest rates will impact cash flows arising from variable rate financial instruments. Borrowings at floating rates therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using forward rate agreements to a maturity of one year, and by entering into interest rate swaps, caps and collars for a maturity of up to five years. Forward rate agreements and interest rate swaps have the economic effect of converting borrowings from floating rate to fixed rate, caps provide protection against a rise in floating rates above a pre-determined rate, and collars combine the purchase of a cap and the sale of a floor to specify a range in which an interest rate will fluctuate. Details of interest rate swaps and cross-currency swaps are set out in Note 35.

Fair value interest rate risk is the risk that the value of a financial asset or liability and derivative financial instrument will fluctuate because of changes in market interest rates. The Group may manage its fair value interest rate risk by entering into interest rate swaps which have the economic effect of converting borrowings from fixed rate to floating rate, to maintain the Group's fixed rate instruments within the Group's guideline.

At 31st December 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's profit after tax would have been US\$16.4 million (2020: US\$7.6 million) higher/lower and the hedging reserve would have been US\$37.4 million (2020: US\$38.6 million) higher/lower as a result of fair value changes to cash flow hedges. The sensitivity analysis has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. There is no significant variation in the sensitivity analysis as a result of interest rate caps and collars. The 100 basis point increase or decrease represents management's assessment of a reasonable possible change in those interest rates, specifically the Indonesian rates, which have the most impact on the Group over the period until the next annual balance sheet date. In the case of effective fair value hedges, changes in fair value of the hedged items caused by interest rate movements balance out in the profit and loss account against changes in the fair value of the hedging instruments. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments, the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the calculation of profit after tax sensitivities. Changes in market interest rates of financial instruments that were designated as hedging instruments in a cash flow hedge to hedge payment fluctuations resulting from interest rate movements affect the hedging reserves and are therefore taken into consideration in the equity-related sensitivity calculations.

At 31st December 2021, if interest rates had been 100 basis points higher/lower with all other variables held constant, the Company's profit after tax would have been US\$10.3 million (2020: US\$15.3 million) lower/higher.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
  - a) Market risk (continued)

#### Price risk

The Group is exposed to securities price risk because of its equity investments which are measured at fair value through profit and loss and debt investments which are measured at fair value through other comprehensive income. Gains and losses arising from changes in the fair value of these investments are recognised in profit and loss or other comprehensive income according to their classification. The performances of these investments are monitored regularly, together with a regular assessment of their relevance to the Group's long-term strategic plans. Details of these investments are contained in Note 17.

The Group's interest in these investments are unhedged. At 31st December 2021, if the price of the Group's investments had been 30% higher/lower with all other variables held constant, total equity would have been US\$657.9 million (2020: US\$675.1 million) higher/lower, of which US\$434.6 million (2020: US\$475.4 million) relating to equity investments would be reflected in operating profit as non-trading items. The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

At 31st December 2021, if the price of the Company's equity investment had been 30% higher/lower with all other variables held constant, the Company's profit after tax would have been US\$79.3 million (2020: US\$66.9 million) higher/lower.

The Group is exposed to financial risks arising from changes in commodity prices, primarily crude palm oil, gold and coal. The Group considers the outlook for crude palm oil, gold and coal regularly in considering the need for active financial risk management. The Group's policy is generally not to hedge commodity price risk, although limited hedging may be undertaken for strategic reasons. To mitigate or hedge the price risk, Group companies may enter into a forward contract to buy the commodity at a fixed price at a future date, or a commodity derivative contract to sell the commodity at a fixed price or at a specific range of prices at a future date.

- b) Credit risk

The Group's credit risk is primarily attributable to deposits with banks, contractual cash flows of debt investments carried at amortised cost and those measured at fair value through other comprehensive income, credit exposures to customers and derivative financial instruments with a positive fair value. The Group has credit policies in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group manages its deposits with banks and financial institutions and transactions involving derivative financial instruments by monitoring credit ratings and capital adequacy ratios of counterparties, limiting the aggregate risk to any individual counterparty. The utilisation of credit limits is regularly monitored. At 31st December 2021, deposits with banks and financial institutions amounted to US\$4,581.8 million (2020: US\$3,490.0 million) of which 11% (2020: 12%) were made to financial institutions with credit ratings of no less than A- (Fitch). This is because in Indonesia, it may be necessary to deposit money with banks that have a lower credit rating. However, the Group only enters into derivative transactions with counterparties which have credit ratings of at least investment grade. Management does not expect any counterparty to fail to meet its obligations.

The Company does not have significant deposits made to financial institutions with credit rating no less than A- (Fitch).



## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
- b) Credit risk (continued)

The Group's debt investments are considered to be low risk investments. The investments are monitored for credit deterioration based on credit ratings from major rating agencies.

In respect of credit exposures to customers, the Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with an appropriate credit history and credit insurance is purchased for businesses where it is economically effective. The Group normally obtains collateral over motor vehicles and motorcycles from consumer financing debtors towards settlement of receivables.

Customers give the right to the Group to sell the collateral vehicles or take any other action to settle the outstanding receivable. Sales to other customers are made in cash or by major credit cards.

For lease receivables, the Group provides financing to its leasing customers based on applicable rules and company policies which are reviewed periodically.

The maximum exposure to credit risk of the Group and the Company are represented by the carrying amount of each financial asset in the balance sheet after deducting any impairment allowance. The Group's exposure to credit risk arising from consumer financing and trade debtors, and derivative financial instruments with a positive fair value are set out in Note 21. The Group's exposure to credit risk arising from deposits and balances with banks and financial institutions is set out in Note 22.

- c) Liquidity risk

Prudent liquidity risk management includes managing the profile of debt maturities and funding sources, maintaining sufficient cash and marketable securities, and ensuring the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Group's ability to fund its existing and prospective debt requirements is managed by maintaining diversified funding sources with adequate committed funding lines of evenly spread debt maturities from high quality lenders, and by monitoring rolling short-term forecasts of the Group's cash and gross debt on the basis of expected cash flows. In addition, long-term cash flows are projected to assist with the Group's long-term debt financing plans.

The Group's total available committed and uncommitted borrowing facilities at 31st December 2021 amounted to US\$12,046.8 million (2020: US\$11,808.2 million) of which US\$6,560.2 million (2020: US\$7,125.0 million) was drawn down. Of the committed facilities, US\$2,385.0 million which are referenced to US\$ LIBOR will expire beyond 30th June 2023, the cessation date of US\$ LIBOR. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totalled US\$2,412.1 million (2020: US\$2,883.7 million).

As at 31st December 2021, the Company has long-term borrowings of US\$1,535.9 million (2020: nil) and current borrowings of US\$10.0 million (2020: US\$1,569.1 million). The Company manages its liquidity risk mainly by extending the maturity of its borrowing facilities and obtaining additional borrowing facilities as appropriate.

The following table analyses the Group's non-derivative financial liabilities, derivative financial liabilities and estimated claims on insurance contracts into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

- i) Financial risk factors (continued)
- c) Liquidity risk (continued)

	Within one year US\$m	Between one and two years US\$m	Between two and three years US\$m	Between three and four years US\$m	Between four and five years US\$m	Beyond five years US\$m	Total US\$m
<b>2021</b>							
Borrowings	2,926.8	1,960.8	1,798.8	130.7	88.4	175.4	7,080.9
Lease liabilities	57.2	31.9	14.9	2.2	0.9	30.3	137.4
Creditors	3,073.3	2.4	2.0	2.6	3.4	0.5	3,084.2
Gross settled derivative financial instruments							
– inflow	928.7	717.3	407.5	92.0	27.9	–	2,173.4
– outflow	709.2	758.8	276.1	94.5	28.8	–	1,867.4
Estimated claims on insurance contracts	251.9	–	–	–	–	–	251.9
<b>2020</b>							
Borrowings	4,454.7	1,817.4	919.6	304.8	89.1	122.1	7,707.7
Lease liabilities	69.0	37.1	16.8	5.5	2.8	34.2	165.4
Creditors	2,230.6	–	0.1	1.5	2.4	6.9	2,241.5
Gross settled derivative financial instruments							
– inflow	1,359.4	748.6	415.4	165.3	50.3	–	2,739.0
– outflow	1,465.2	806.9	439.3	177.3	51.0	–	2,939.7
Estimated claims on insurance contracts	230.2	–	–	–	–	–	230.2

Included in total undiscounted borrowings at 31st December 2021, US\$1,365.0 million (2020: US\$3,555.5 million) are referenced to US\$ LIBOR and mature beyond 30th June 2023, the cessation date of US\$ LIBOR.

As at 31st December 2021, the Company has undiscounted borrowings of US\$613.8 million that are referenced to US\$ LIBOR and mature beyond 30th June 2023, the cessation date of US\$ LIBOR.

- ii) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders. Capital is total equity as shown in the consolidated balance sheet plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, purchase Group shares, return capital to shareholders, issue new shares or sell assets to reduce debt.

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

#### ii) Capital management (continued)

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover before taking into account the impact of IFRS 16 *Leases*. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as underlying operating profit, before the deduction of amortisation/depreciation of right-of-use assets, net of actual lease payments, and share of results of associates and joint ventures divided by net financing charges excluding interest on lease liabilities. The relevant ratios are monitored both inclusive and exclusive of the Group's financial services companies, which by their nature are generally more leveraged than the Group's other businesses. The Group does not have a defined gearing or interest cover benchmark or range.

The financing activities of PT Astra International Tbk ("Astra") are subject to a minimum paid-up capital requirement of Rp2,000 billion (2020: Rp1,700 billion), in aggregate. The insurance activities of Astra are subject to a minimum solvency ratio of 120% calculated in accordance with requirements set out by the Ministry of Finance in Indonesia, and a minimum paid-up capital requirement of Rp100 billion (2020: Rp100 billion), in aggregate.

The Group and the Company had complied with all externally imposed capital requirements throughout the reporting period.

The gearing ratios of the Group at 31st December 2021 and 2020 were as follows:

	2021	2020
Gearing ratio excluding financial services companies	nm	6%
Gearing ratio including financial services companies	12%	24%
Interest cover excluding financial services companies	38 times	8 times
Interest cover including financial services companies	59 times	11 times

nm – not meaningful

#### iii) Fair value estimation

##### a) Financial instruments that are measured at fair value

For financial instruments that are measured at fair value in the balance sheet, the corresponding fair value measurements are disclosed by level of the following fair value measurement hierarchy:

*Quoted prices (unadjusted) in active markets for identical assets or liabilities ("quoted prices in active markets")*

The fair values of listed securities and bonds are based on quoted prices in active markets at the balance sheet date. The quoted market price used for listed investments held by the Group is the current bid price.

*Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly ("observable current market transactions")*

The fair values of derivative financial instruments are determined using rates quoted by the Group's bankers at the balance sheet date. The rates for interest rate swaps and caps, cross-currency swaps and forward foreign exchange contracts are calculated by reference to the market interest rates and foreign exchange rates.

*Inputs for the asset or liability that are not based on observable market data ("unobservable inputs")*

The fair values of other unlisted equity investments are determined using valuation techniques by reference to observable current market transactions or the market prices of the underlying investments with certain degree of entity-specific estimates or discounted cash flows by projecting the cash inflows from these investments. There were no changes in valuation techniques during the year.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

#### iii) Fair value estimation (continued)

##### a) Financial instruments that are measured at fair value (continued)

The table below analyses the Group's financial instruments carried at fair value, by the levels in the fair value measurement hierarchy.

	Quoted prices in active markets US\$m	Observable current market transactions US\$m	Unobservable inputs US\$m	Total US\$m
<b>2021</b>				
<b>Assets</b>				
Other investments				
– equity investments	1,136.7	–	387.8	1,524.5
– debt investments	776.4	–	–	776.4
	1,913.1	–	387.8	2,300.9
Derivative financial instruments at fair value				
– through other comprehensive income	–	15.7	–	15.7
– through profit and loss	–	0.6	–	0.6
	1,913.1	16.3	387.8	2,317.2
<b>Liabilities</b>				
Contingent consideration payable	–	–	(8.8)	(8.8)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(54.9)	–	(54.9)
– through profit and loss	–	(0.1)	–	(0.1)
	–	(55.0)	–	(55.0)
	–	(55.0)	(8.8)	(63.8)
<b>2020</b>				
<b>Assets</b>				
Other investments				
– equity investments	1,320.7	–	326.3	1,647.0
– debt investments	697.3	–	–	697.3
	2,018.0	–	326.3	2,344.3
Derivative financial instruments at fair value				
– through other comprehensive income	–	9.3	–	9.3
– through profit and loss	–	1.6	–	1.6
	2,018.0	10.9	326.3	2,355.2
<b>Liabilities</b>				
Contingent consideration payable	–	–	(8.8)	(8.8)
Derivative financial instruments at fair value				
– through other comprehensive income	–	(168.7)	–	(168.7)
– through profit and loss	–	(0.1)	–	(0.1)
	–	(168.8)	–	(168.8)
	–	(168.8)	(8.8)	(177.6)

As at 31st December 2021, the fair value of the equity investment of the Company is US\$264.5 million (2020: US\$223.0 million), which is based on quoted prices in active markets at balance sheet date.

There were no transfers among the three categories during the year ended 31st December 2021 and 2020.

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

#### iii) Fair value estimation (continued)

##### b) Financial instruments that are not measured at fair value

The fair values of current debtors, bank balances and other liquid funds, current creditors, current borrowings and current lease liabilities of the Group and the Company are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

The fair values of long-term borrowings disclosed are based on market prices or are estimated using the expected future payments discounted at market interest rates. The fair values of non-current lease liabilities are estimated using the expected future payments discounted at market interest rates.

The table below analyses financial instruments of the Group by category.

	Fair value of hedging instruments US\$m	Fair value through profit and loss US\$m	Fair value through other comprehensive income US\$m	Financial assets at amortised costs US\$m	Other financial liabilities US\$m	Total carrying amount US\$m	Fair value US\$m
<b>2021</b>							
<i>Financial assets measured at fair value</i>							
Other investments							
– equity investments	–	1,524.5	–	–	–	1,524.5	1,524.5
– debt investments	–	–	776.4	–	–	776.4	776.4
Derivative financial instruments	15.7	0.6	–	–	–	16.3	16.3
	15.7	1,525.1	776.4	–	–	2,317.2	2,317.2
<i>Financial assets not measured at fair value</i>							
Debtors	–	–	–	7,091.7	–	7,091.7	7,153.3
Bank balances and other liquid funds	–	–	–	4,588.8	–	4,588.8	4,588.8
	–	–	–	11,680.5	–	11,680.5	11,742.1
<i>Financial liabilities measured at fair value</i>							
Derivative financial instruments	(54.9)	(0.1)	–	–	–	(55.0)	(55.0)
Contingent consideration payable	–	(8.8)	–	–	–	(8.8)	(8.8)
	(54.9)	(8.9)	–	–	–	(63.8)	(63.8)
<i>Financial liabilities not measured at fair value</i>							
Borrowings excluding lease liabilities	–	–	–	–	(6,560.2)	(6,560.2)	(6,589.3)
Lease liabilities	–	–	–	–	(117.0)	(117.0)	(117.0)
Creditors excluding non-financial liabilities	–	–	–	–	(3,075.4)	(3,075.4)	(3,075.4)
	–	–	–	–	(9,752.6)	(9,752.6)	(9,781.7)

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.32 Financial Risk Management (continued)

iii) Fair value estimation (continued)

b) Financial instruments that are not measured at fair value (continued)

	Fair value of hedging instruments US\$m	Fair value through profit and loss US\$m	Fair value through other comprehensive income US\$m	Financial assets at amortised costs US\$m	Other financial liabilities US\$m	Total carrying amount US\$m	Fair value US\$m
<b>2020</b>							
<i>Financial assets measured at fair value</i>							
Other investments							
– equity investments	–	1,647.0	–	–	–	1,647.0	1,647.0
– debt investments	–	–	697.3	–	–	697.3	697.3
Derivative financial instruments	9.3	1.6	–	–	–	10.9	10.9
	9.3	1,648.6	697.3	–	–	2,355.2	2,355.2
<i>Financial assets not measured at fair value</i>							
Debtors	–	–	–	6,621.3	–	6,621.3	6,832.5
Bank balances and other liquid funds	–	–	–	3,497.6	–	3,497.6	3,497.6
	–	–	–	10,118.9	–	10,118.9	10,330.1
<i>Financial liabilities measured at fair value</i>							
Derivative financial instruments	(168.7)	(0.1)	–	–	–	(168.8)	(168.8)
Contingent consideration payable	–	(8.8)	–	–	–	(8.8)	(8.8)
	(168.7)	(8.9)	–	–	–	(177.6)	(177.6)
<i>Financial liabilities not measured at fair value</i>							
Borrowings excluding lease liabilities	–	–	–	–	(7,125.0)	(7,125.0)	(7,107.5)
Lease liabilities	–	–	–	–	(144.9)	(144.9)	(144.9)
Creditors excluding non-financial liabilities	–	–	–	–	(2,232.7)	(2,232.7)	(2,232.7)
	–	–	–	–	(9,502.6)	(9,502.6)	(9,485.1)

The following table contains details of financial instruments of the Group at 31st December 2021 which are referenced to IBOR with maturities/expiration beyond the cessation of the respective benchmarks:

	2021 US\$m
Financial instruments measured at amortised cost:	
Non-current debtors	
– US\$ LIBOR	29.4
Long-term borrowings	
– US\$ LIBOR	(1,246.1)
Other financial instruments:	
Derivative financial instruments	
– US\$ LIBOR	(26.4)



## 2 Significant Accounting Policies (continued)

### 2.33 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances and conditions available. The existing and potential impacts arising from the COVID-19 pandemic have been considered when applying estimates and assumptions in the preparation of the financial statements, including the Group's assessment of impairment of assets and the independent valuers' valuation of the Group's investment properties. Given the uncertainty of the impact of COVID-19, the actual results may differ from these accounting estimates. The estimates and assumptions that have a significant effect on the reported amounts of assets and liabilities, and income and expenses are discussed below.

- i) Acquisition of subsidiaries, associates and joint ventures  
The initial accounting on the acquisition of subsidiaries, associates and joint ventures involves identifying and determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired entities. The fair values of franchise rights, concession rights, certain property, plant and equipment and right-of-use assets, investment properties and bearer plants are determined by independent, professionally qualified valuers by reference to comparable market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values, and management's ability to measure reliably the contingent liabilities of the acquired entity will impact the carrying amount of these assets and liabilities.

On initial acquisition or acquisition of further interests in an entity, an assessment of the level of control or influence exercised by the Group is required. For entities where the Group has a shareholding of less than 50%, an assessment of the Group's level of voting rights, board representation and other indicators of influence is performed to consider whether the Group has de facto control, requiring consolidation of that entity, or significant influence/joint control, requiring classification as an associate/joint venture.

- ii) Impairment of assets  
The Group tests annually whether goodwill and other non-financial assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on the higher of fair value less costs to sell or value-in-use calculations prepared on the basis of management's assumptions and estimates. Changing the key assumptions, including the amount of estimated coal and gold reserves, discount rates or growth rates in the cash flow projections, could materially affect the value-in-use calculations.

The results of the impairment review undertaken at 31st December 2021 on the Group's indefinite-life franchise rights indicated that no impairment charge was necessary. If there is a significant increase in the discount rate and/or a significant adverse change to the projected performance of the business to which these rights attach, it may be necessary to take an impairment charge to the profit and loss account in the future.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.33 Critical Accounting Estimates and Judgements (continued)

#### ii) Impairment of assets (continued)

Management undertook an impairment assessment on the basis that the carrying amount of the investment in Siam City Cement Public Company Limited ("SCCC") as at 31st December 2021 was higher than its fair value based on prevailing market share price, as well as the heightened market uncertainties brought about by the COVID-19 pandemic. The determination of the recoverable amount requires significant judgements by management, particularly management's view on key internal inputs and external market conditions including climate-related and other risks which impact future cash flows, discount rates and long-term growth rates. Based on management's assessment, as the recoverable amount determined using value-in-use computation was higher than the carrying amount of the investment, no impairment charge was recognised. If there are significant changes to the above estimates, it may be necessary to take an additional impairment charge to the profit and loss account in the future. The sensitivity of carrying amount to key assumptions and estimates is disclosed in Note 16.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the balance sheet date, including the impact of the COVID-19 pandemic. The allowance for impairment for financing debtors and trade and other debtors are disclosed in Note 20 and 21, respectively.

#### iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes, particularly in Indonesia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax follows the way management expects to recover or settle the carrying amount of the related assets or liabilities, which management may expect to recover through use, sale or combination of both. Accordingly, deferred tax will be calculated at income tax rate, capital gains tax rate or combination of both. There is a rebuttable presumption in IFRS that investment properties measured at fair value are recovered by sale. Thus, deferred tax on revaluation of investment properties held by the Group are calculated at the capital gains tax rate.

Recognition of deferred tax assets, which principally relate to tax losses, depends on management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

#### iv) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

## 2 Significant Accounting Policies (continued)

### 2.33 Critical Accounting Estimates and Judgements (continued)

iv) Pension obligations (continued)

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liabilities.

Other key assumptions for pension obligations are based in part on current market conditions.

v) Revenue recognition

For revenue from the heavy equipment maintenance contracts, the Group exercises judgment in determining the level of actual service provided to the end of the reporting period as a proportion of the total services to be reported, and estimated total costs of the maintenance contracts. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised as a current year expense.

For other contracts with customers which include multiple deliverables, the separate performance obligations are identified. The transaction price is then allocated to each performance obligation based on their stand-alone selling prices. From time to time, when a stand-alone selling price may not be directly observable, the Group estimated the selling price using expected costs of rendering such services and adding an appropriate margin.

vi) Non-trading items

The Group uses underlying business performance in its internal financial reporting to distinguish between the underlying profits and non-trading items. The identification of non-trading items requires judgement by management, but follows the consistent methodology as set out in the Group's accounting policies.

vii) Leases

Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate. The Group generally uses the incremental borrowing rate as the discount rate.

The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 2 Significant Accounting Policies (continued)

### 2.33 Critical Accounting Estimates and Judgements (continued)

#### viii) Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as US\$ LIBOR and other interbank offered rates ("IBORs") has become a priority for global regulators. There is currently uncertainty around the timing and precise nature of these changes on some IBORs.

To transition existing contracts and agreements that reference IBORs (including US\$ LIBOR) to risk free rates ("RFRs") such as US\$ LIBOR to Secured Overnight Financing Rate, adjustments for term differences and credit differences might need to be applied to RFRs, to enable the two benchmark rates to be economically equivalent on transition. The greatest change will be amendments to the contractual terms of the IBORs-referenced floating-rate debt and the associated swap and the corresponding update of the hedge designation. However, the changed reference rate may also affect other systems, processes, risk and valuation models, as well as having tax and accounting implications.

The Group's IBORs transition plan has progressed throughout 2021. All material contracts referencing the Singapore Swap Offer Rate had been transitioned in 2021. US\$ LIBOR is expected to cease on 30th June 2023, and the Group's transition plan is on track to ensure conversion of existing US\$ LIBOR contracts by the date of cessation.

#### *Relief applied*

The Group has applied the following reliefs that were introduced by the amendments made to IFRS 9 *Financial Instruments* in September 2019 and August 2020:

- i. When considering the 'highly probable' requirement, the Group has assumed that the IBORs interest rate on which the Group's hedged debt is based does not change as a result of IBOR reform.
- ii. In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the IBORs interest rate on which the cash flows of the hedged debt and the interest rate swap that hedges it is not altered by IBORs reform.
- iii. The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- iv. For financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss is recognised.

#### *Assumptions made*

In calculating the change in fair value attributable to the hedged risk of floating-rate debt, the Group has made the following assumptions that reflect its current expectations:

- i. The IBORs-referenced floating-rate debt will move to RFRs during 2023 and the spread will be similar to the spread included in the interest rate swap and cross-currency swap used as the hedging instrument.
- ii. No other changes to the terms of the floating-rate debt are anticipated.

### 3 Revenue

	Astra US\$m	Direct Motor Interests US\$m	Total US\$m
<b>Group</b>			
<b>2021</b>			
Property	56.6	–	56.6
Motor vehicles	6,642.0	1,402.5	8,044.5
Financial services	1,735.2	–	1,735.2
Heavy equipment, mining, construction & energy	5,524.4	–	5,524.4
Other	2,327.3	–	2,327.3
	16,285.5	1,402.5	17,688.0
<i>From contracts with customers:</i>			
Recognised at a point in time	14,072.9	1,336.4	15,409.3
Recognised over time	245.5	63.8	309.3
	14,318.4	1,400.2	15,718.6
<i>From other sources:</i>			
Rental income from investment properties	11.9	–	11.9
Revenue from financial services companies	1,735.2	–	1,735.2
Other	220.0	2.3	222.3
	1,967.1	2.3	1,969.4
	16,285.5	1,402.5	17,688.0
<b>2020</b>			
Property	51.9	–	51.9
Motor vehicles	4,555.5	1,269.4	5,824.9
Financial services	1,382.4	–	1,382.4
Heavy equipment, mining, construction & energy	4,106.7	–	4,106.7
Other	1,868.3	–	1,868.3
	11,964.8	1,269.4	13,234.2
<i>From contracts with customers:</i>			
Recognised at a point in time	10,171.6	1,205.6	11,377.2
Recognised over time	211.7	62.3	274.0
	10,383.3	1,267.9	11,651.2
<i>From other sources:</i>			
Rental income from investment properties	9.7	–	9.7
Revenue from financial services companies	1,382.4	–	1,382.4
Other	189.4	1.5	190.9
	1,581.5	1.5	1,583.0
	11,964.8	1,269.4	13,234.2
		<b>2021 US\$m</b>	<b>2020 US\$m</b>
<b>Company</b>			
Rendering of services		2.5	1.3
Dividends		243.4	316.3
		245.9	317.6

The Company's revenue arising from contracts with customers recognised over time is US\$2.5 million (2020: US\$1.3 million) and from other sources is US\$243.4 million (2020: US\$316.3 million).

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 3 Revenue (continued)

### Contract balances

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed, and are transferred to receivables when the rights become unconditional which usually occurs when the customers are billed.

Costs to fulfil contracts include costs recognised to fulfil future performance obligations on existing contracts that have not yet been satisfied. Costs to obtain contracts include costs such as sales commission and stamp duty paid, as a result of obtaining contracts. The Group has capitalised these costs and recognised in profit and loss when the related revenue is recognised.

Contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time.

Contract assets and contract liabilities of the Group are further analysed as follows:

	2021 US\$m	2020 US\$m
Contract assets (Note 21)		
– heavy equipment, mining, construction & energy	92.1	103.0
– other	15.4	20.0
	107.5	123.0
Less: Allowance for impairment	(64.5)	(46.1)
	43.0	76.9
Contract liabilities (Note 23)		
– properties for sale	42.6	40.2
– motor vehicles	330.2	297.1
– heavy equipment, mining, construction & energy	71.0	55.7
– other	48.2	28.1
	492.0	421.1

### Revenue recognised in relation to contract liabilities

Revenue of the Group recognised in the current year relating to carried-forward contract liabilities:

	2021 US\$m	2020 US\$m
Properties for sale	17.3	34.0
Motor vehicles	176.5	174.9
Heavy equipment, mining, construction & energy	41.4	58.1
Other	14.7	11.9
	249.9	278.9



### 3 Revenue (continued)

#### Revenue expected to be recognised on unsatisfied contracts with customers

Timing of revenue of the Group to be recognised on unsatisfied performance obligations:

	Properties for sale US\$m	Motor Vehicles US\$m	Heavy equipment, mining, construction & energy US\$m	Other US\$m	Total US\$m
<b>2021</b>					
Within one year	63.9	116.9	70.6	38.2	289.6
Between one and two years	25.1	48.2	9.6	11.2	94.1
Between two and three years	21.4	26.3	0.8	–	48.5
Between three and four years	0.3	9.5	0.1	–	9.9
Between four and five years	–	4.4	–	–	4.4
	<b>110.7</b>	<b>205.3</b>	<b>81.1</b>	<b>49.4</b>	<b>446.5</b>
<b>2020</b>					
Within one year	41.4	125.3	99.8	12.8	279.3
Between one and two years	56.1	49.2	81.2	23.1	209.6
Between two and three years	8.7	27.9	0.6	–	37.2
Between three and four years	0.6	12.7	0.1	–	13.4
Between four and five years	0.3	4.0	–	–	4.3
	<b>107.1</b>	<b>219.1</b>	<b>181.7</b>	<b>35.9</b>	<b>543.8</b>

As permitted under *IFRS 15 Revenue from Contracts with Customers*, the revenue expected to be recognised in the next reporting periods arising from unsatisfied performance obligations for contracts that have original expected durations of one year or less is not disclosed.

### 4 Net Operating Costs

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Cost of sales and services rendered	(13,922.9)	(10,419.0)	–	–
Other operating income	244.3	827.2	53.9	43.2
Selling and distribution expenses	(867.8)	(933.8)	–	–
Administrative expenses	(1,144.2)	(1,065.2)	(25.3)	(24.2)
Other operating expenses	(302.1)	(126.2)	(28.0)	(187.3)
	<b>(15,992.7)</b>	<b>(11,717.0)</b>	<b>0.6</b>	<b>(168.3)</b>

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 4 Net Operating Costs (continued)

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
The following credits/(charges) are included in net operating costs:				
Amortisation/depreciation of:				
– intangible assets (Note 10)	(151.8)	(126.7)	–	–
– right-of-use assets (Note 11)	(149.7)	(189.7)	–	–
– property, plant and equipment (Note 12)	(735.0)	(763.0)	(0.9)	(1.0)
– bearer plants (Note 14)	(27.3)	(26.7)	–	–
Impairment of:				
– intangible assets (Note 10)	(13.9)	(33.9)	–	–
– right-of-use assets (Note 11)	(2.0)	–	–	–
– property, plant and equipment (Note 12)	(37.7)	(9.4)	–	–
– associates (Note 16) <sup>(1)</sup>	–	–	–	(187.3)
– financing debtors (Note 20)	(161.4)	(274.1)	–	–
– trade debtors (Note 21)	(24.2)	(33.8)	–	–
– other debtors (Note 21)	(13.0)	(10.5)	–	–
– contract assets (Note 21)	(18.8)	(43.0)	–	–
Fair value gain/(loss) on:				
– investment properties (Note 13)	(3.1)	3.2	–	–
– investments (Note 17)	(130.9)	113.4	46.7	13.3
– agricultural produce	3.5	5.8	–	–
– livestock	–	(3.4)	–	–
– derivatives not qualifying as hedges	–	(2.4)	–	–
Profit/(loss) on disposal of:				
– intangible assets	(1.0)	(1.3)	–	–
– right-of-use assets	(0.4)	–	–	–
– property, plant and equipment	20.1	22.2	0.2	0.1
– associates and joint ventures	–	418.3	–	–
– associates becoming subsidiaries	–	10.2	–	–
– investments	2.5	1.7	–	–
Loss on disposal/write-down of receivables from collateral vehicles	(65.2)	(80.8)	–	–
Stocks:				
– cost of stocks recognised as an expense (included in cost of sales and services rendered)	(9,755.3)	(6,563.4)	–	–
– write-down of stocks	(34.8)	(59.7)	–	–
– reversal of write-down of stocks made in previous years	37.4	45.4	–	–
(Provision)/write-back for:				
– warranty and goodwill expenses (Note 24)	(1.7)	(4.5)	–	–
– statutory employee entitlements (Note 24)	1.6	(24.6)	–	–
– other (Note 24)	(4.2)	(8.1)	–	–
Operating expenses arising from investment properties	(7.6)	(5.0)	–	–

(1) Impairment of associates at the Group has been included in the share of results of associates and joint ventures.

#### 4 Net Operating Costs (continued)

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Expenses relating to low-value leases	(0.3)	(0.5)	–	–
Expenses relating to short-term leases	(59.6)	(45.2)	(0.3)	(0.2)
Expenses relating to variable lease payment not included in lease liabilities	(0.3)	(0.8)	–	–
Gain/(loss) on lease modification or termination	0.4	(4.4)	–	–
Auditors' remuneration for:				
– audit services	(6.5)	(6.4)	(0.9)	(1.0)
– non-audit services	(2.1)	(1.2)	(0.4)	(0.3)
Net exchange gain/(loss)	(23.7)	20.2	(28.0)	23.1
Rental income from:				
– investment properties	2.6	2.4	–	–
– other properties	2.8	4.2	–	–
Dividend income from investments	48.0	49.3	6.6	6.1
Interest income from investments	50.9	39.5	–	–

In relation to the COVID-19 pandemic, the Group had received government grants, the majority of which were in support of employee retention, and rent concessions of US\$3.1 million (2020: US\$8.3 million) and US\$0.04 million (2020: US\$0.1 million) respectively. These subsidies were accounted for as other operating income.

#### 5 Employee Benefits

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Salaries and benefits in kind	1,439.7	1,308.8	13.6	11.2
Pension costs – defined contribution plans	16.7	16.4	0.3	0.4
Pension costs – defined benefit plans (Note 28)	37.2	66.2	–	–
	1,493.6	1,391.4	13.9	11.6

#### 6 Net Financing Charges

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Interest expense on:				
– bank borrowings	(131.9)	(170.2)	(15.7)	(19.6)
– lease liabilities (Note 25)	(11.0)	(20.5)	–	–
– other borrowings	(5.2)	(5.7)	–	–
	(148.1)	(196.4)	(15.7)	(19.6)
Interest capitalised	5.2	6.2	–	–
Other finance costs	(35.5)	(68.4)	(1.4)	(2.4)
Financing charges	(178.4)	(258.6)	(17.1)	(22.0)
Financing income	126.1	121.6	0.1	0.1
	(52.3)	(137.0)	(17.0)	(21.9)

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 7 Tax

Tax expense attributable to profit is made up of:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Current tax:				
– Singapore	5.8	4.2	0.1	0.2
– Foreign	517.0	320.0	22.3	27.9
	522.8	324.2	22.4	28.1
Deferred tax (Note 27)	(16.5)	(86.3)	–	–
	506.3	237.9	22.4	28.1
Adjustments in respect of prior years:				
– Current tax	9.0	(3.1)	–	–
	515.3	234.8	22.4	28.1

The following sets out the differences between the tax expense on the Group's and the Company's profit before tax and the theoretical amount that would arise using the domestic tax rates applicable to profits of the respective companies.

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Profit before tax	2,233.6	1,480.4	229.5	127.4
Less: Share of associates' and joint ventures' results after tax	(590.6)	(100.2)	–	–
	1,643.0	1,380.2	229.5	127.4
Tax calculated at domestic tax rates applicable to profits in the respective countries	372.5	262.9	24.0	3.3
Income not subject to tax	(91.8)	(170.9)	(35.8)	(42.8)
Expenses not deductible for tax purposes	186.6	142.3	11.9	39.7
Utilisation of previously unrecognised tax losses	(11.5)	(3.2)	–	–
Recognition of previously unrecognised tax losses	(0.3)	(1.7)	–	–
Deferred tax assets written off	–	0.5	–	–
Deferred tax liabilities written back	–	(0.3)	–	–
Tax losses arising in the year not recognised	12.0	11.6	–	–
Temporary differences arising in the year not recognised	0.2	–	–	–
Withholding tax	36.2	18.3	22.3	27.9
Change in tax rates	2.4	(21.5)	–	–
Adjustments in respect of prior years	9.0	(3.1)	–	–
Other	–	(0.1)	–	–
	515.3	234.8	22.4	28.1

The effective tax rates for the Group and Company were 31% (2020: 17%) and 10% (2020: 22%), respectively.

## 7 Tax (continued)

Tax relating to components of other comprehensive income is analysed as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Revaluation of investments	0.5	(0.2)	–	–
Cash flow hedges	(19.1)	5.0	–	–
Defined benefit pension plans	2.7	1.3	–	–
	(15.9)	6.1	–	–

## 8 Dividends

At the Annual General Meeting in 2022, a final one-tier tax exempt dividend in respect of 2021 of US\$62 per share amounting to a dividend of approximately US\$245.0 million is to be proposed. These financial statements do not reflect this dividend payable, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31st December 2022. The dividends paid in 2021 and 2020 were as follows:

	Group and Company	
	2021 US\$m	2020 US\$m
Final one-tier tax exempt dividend in respect of previous year of US\$34 per share (2020: in respect of 2019 of US\$69)	133.2	275.8
Interim one-tier tax exempt dividend in respect of current year of US\$18 per share (2020: US\$9)	71.5	35.4
	204.7	311.2

## 9 Earnings Per Share

	Group	
	2021 US\$m	2020 US\$m
<b>Basic and diluted earnings per share</b>		
Profit attributable to shareholders	660.6	540.3
Weighted average number of ordinary shares in issue (millions)	395.2	395.2
Basic earnings per share	US\$167	US\$137
Diluted earnings per share	US\$167	US\$137
<b>Basic and diluted underlying earnings per share</b>		
Underlying profit attributable to shareholders	785.9	429.1
Weighted average number of ordinary shares in issue (millions)	395.2	395.2
Basic underlying earnings per share	US\$199	US\$109
Diluted underlying earnings per share	US\$199	US\$109

As at 31st December 2021 and 2020, there were no dilutive potential ordinary shares in issue.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 9 Earnings Per Share (continued)

A reconciliation of the profit attributable to shareholders and underlying profit attributable to shareholders is as follows:

	Group	
	2021 US\$m	2020 US\$m
<b>Profit attributable to shareholders</b>	<b>660.6</b>	540.3
<b>Less:</b>		
<b>Non-trading items (net of tax and non-controlling interests)</b>		
Fair value changes of agricultural produce and livestock	1.0	0.7
Fair value changes of investment properties	(1.5)	0.8
Fair value changes of investments	(134.3)	109.1
Impairment loss on associates and joint ventures	–	(182.8)
Impairment loss on goodwill on subsidiaries	(1.7)	(8.5)
Net gain on disposal of interests in associates and joint ventures	–	188.3
Other	11.2	3.6
	<b>(125.3)</b>	111.2
<b>Underlying profit attributable to shareholders</b>	<b>785.9</b>	429.1

## 10 Intangible Assets

	Goodwill US\$m	Franchise rights US\$m	Concession rights US\$m	Customer acquisition costs US\$m	Deferred exploration costs US\$m	Computer software & other US\$m	Total US\$m
<b>Group</b>							
<b>2021</b>							
Net book value at 1st January	398.5	149.8	605.7	54.8	539.8	68.3	1,816.9
Translation adjustments	(4.1)	(1.7)	(6.9)	(0.6)	(0.1)	0.7	(12.7)
Additions	–	–	13.7	37.6	60.3	26.8	138.4
Disposal	–	–	–	–	–	(1.0)	(1.0)
Amortisation (Note 4)	–	–	(7.9)	(40.4)	(79.0)	(24.5)	(151.8)
Impairment (Note 4)	(5.8)	–	–	–	(8.0)	(0.1)	(13.9)
Net book value at 31st December	388.6	148.1	604.6	51.4	513.0	70.2	1,775.9
Cost	424.5	149.4	659.6	104.9	1,219.5	182.7	2,740.6
Accumulated amortisation and impairment	(35.9)	(1.3)	(55.0)	(53.5)	(706.5)	(112.5)	(964.7)
	388.6	148.1	604.6	51.4	513.0	70.2	1,775.9
<b>2020</b>							
Net book value at 1st January	369.2	153.3	615.2	62.1	556.0	46.2	1,802.0
Translation adjustments	(1.8)	(2.2)	(8.9)	(1.1)	(1.4)	0.2	(15.2)
Additions arising from acquisition of subsidiaries (Note 38)	–	–	–	8.0	–	23.6	31.6
Additions	56.6	–	6.1	30.0	53.1	14.6	160.4
Disposal	–	–	–	–	–	(1.3)	(1.3)
Amortisation (Note 4)	–	–	(6.7)	(44.2)	(60.8)	(15.0)	(126.7)
Impairment (Note 4)	(25.5)	(1.3)	–	–	(7.1)	–	(33.9)
Net book value at 31st December	398.5	149.8	605.7	54.8	539.8	68.3	1,816.9
Cost	429.0	151.1	653.3	113.6	1,159.2	157.9	2,664.1
Accumulated amortisation and impairment	(30.5)	(1.3)	(47.6)	(58.8)	(619.4)	(89.6)	(847.2)
	398.5	149.8	605.7	54.8	539.8	68.3	1,816.9



## 10 Intangible Assets (continued)

Goodwill included goodwill arising from acquisition of shares in Astra which is regarded as an operating segment, as well as those arising from acquisition of other subsidiaries, including those under Astra. An impairment loss of US\$5.8 million (2020: US\$25.5 million) was recognised mainly in respect of goodwill arising from an Astra's subsidiary. For the purpose of impairment review of the goodwill arising from acquisition of shares in Astra, the carrying value of Astra is compared with the recoverable amount measured by reference to the quoted market price of the shares held. On the basis of this review and the continued expected level of profitability, management concluded that no impairment has occurred.

The carrying amounts of franchise rights comprise mainly Astra's automotive of US\$53.5 million (2020: US\$54.1 million) and Astra's heavy equipment of US\$94.6 million (2020: US\$95.7 million).

No impairment of Astra's franchise rights has occurred. The impairment review of Astra's franchise rights was made by comparing the carrying amounts of the cash-generating units in which the franchise rights reside with the recoverable amounts of the cash-generating units. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimates stated below:

	2021	2020
Growth rates	3% – 4%	3% – 4%
Pre-tax discount rates	17% – 20%	13% – 14%

The growth rates do not exceed the long-term average growth rates of the industries. The pre-tax discount rates reflect business specific risks relating to the relevant industries.

The remaining amortisation lives for intangible assets are as follows:

Concession rights	Traffic volume over 34 to 38 years
Customer acquisition costs	1 to 4 years
Computer software and other	1 to 5 years
Deferred exploration costs based on unit of production method	4.6 million ounces (gold mining property) 44.4 to 153.9 million tonnes (coal mining properties)

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 11 Right-Of-Use Assets

	Leasehold land US\$m	Properties US\$m	Plant & machinery US\$m	Motor vehicles US\$m	Total US\$m
<b>Group</b>					
<b>2021</b>					
Net book value at 1st January	673.1	57.7	65.7	35.9	832.4
Translation adjustments	(8.2)	(1.0)	(0.8)	(0.5)	(10.5)
Additions	13.1	41.1	31.3	31.2	116.7
Disposals/terminations	(0.8)	(0.7)	(6.9)	(8.5)	(16.9)
Transfer to investment properties (Note 13)	(3.1)	–	–	–	(3.1)
Modifications to lease terms	–	(0.2)	–	–	(0.2)
Amortisation/depreciation (Note 4)	(50.4)	(28.8)	(40.2)	(30.3)	(149.7)
Impairment (Note 4)	(2.0)	–	–	–	(2.0)
Surplus on revaluation	2.7	–	–	–	2.7
Net book value at 31st December	624.4	68.1	49.1	27.8	769.4
Cost	1,027.8	198.6	222.0	176.6	1,625.0
Accumulated amortisation/depreciation and impairment	(403.4)	(130.5)	(172.9)	(148.8)	(855.6)
	624.4	68.1	49.1	27.8	769.4
<b>2020</b>					
Net book value at 1st January	694.8	71.0	78.9	27.8	872.5
Translation adjustments	(9.8)	(0.5)	(1.6)	(0.1)	(12.0)
Additions arising from acquisition of subsidiaries (Note 38)	0.9	1.1	–	–	2.0
Additions	27.3	15.8	63.6	53.9	160.6
Disposals/terminations	(0.8)	(0.5)	(4.0)	(2.8)	(8.1)
Transfer from investment properties (Note 13)	9.2	–	–	–	9.2
Modifications to lease terms	–	(2.1)	–	–	(2.1)
Amortisation/depreciation (Note 4)	(48.5)	(27.1)	(71.2)	(42.9)	(189.7)
Net book value at 31st December	673.1	57.7	65.7	35.9	832.4
Cost	1,030.3	167.1	199.7	155.6	1,552.7
Accumulated amortisation/depreciation and impairment	(357.2)	(109.4)	(134.0)	(119.7)	(720.3)
	673.1	57.7	65.7	35.9	832.4

The typical lease term associated with the right-of-use assets are as follows:

Leasehold land	4 to 95 years
Properties	1 to 30 years
Plant & machinery	1 to 5 years
Motor vehicles	1 to 10 years

None of the Group's leasehold land and other right-of-use assets have been pledged as security for borrowings at 31st December 2021 and 2020.

## 12 Property, Plant And Equipment

	Freehold land US\$m	Buildings & leasehold improvements US\$m	Mining properties US\$m	Plant & machinery US\$m	Office furniture, fixtures & equipment US\$m	Transportation equipment & motor vehicles US\$m	Total US\$m
<b>Group</b>							
<b>2021</b>							
Net book value at 1st January	40.4	1,167.3	918.9	1,544.9	139.8	431.9	4,243.2
Translation adjustments	(1.1)	(13.0)	1.2	(17.0)	(1.7)	(5.0)	(36.6)
Additions	–	63.6	–	191.9	53.8	154.0	463.3
Transfer to investment properties (Note 13)	–	(1.3)	–	–	–	–	(1.3)
Transfer to stocks	–	–	–	(0.3)	(0.4)	(24.9)	(25.6)
Disposals	–	(5.4)	–	(3.5)	(0.5)	(9.4)	(18.8)
Depreciation (Note 4)	–	(110.2)	(84.3)	(388.0)	(59.1)	(93.4)	(735.0)
(Impairment)/reversal of impairment (Note 4)	–	(38.6)	–	(0.8)	(3.1)	4.8	(37.7)
Surplus on revaluation	–	0.6	–	–	–	–	0.6
Net book value at 31st December	39.3	1,063.0	835.8	1,327.2	128.8	458.0	3,852.1
Cost	39.3	2,045.8	1,803.6	4,696.2	599.8	809.5	9,994.2
Accumulated depreciation and impairment	–	(982.8)	(967.8)	(3,369.0)	(471.0)	(351.5)	(6,142.1)
	39.3	1,063.0	835.8	1,327.2	128.8	458.0	3,852.1
<b>2020</b>							
Net book value at 1st January	33.3	1,240.1	995.0	1,886.5	138.8	424.5	4,718.2
Translation adjustments	0.9	(16.4)	1.2	(37.3)	(1.7)	(4.8)	(58.1)
Additions arising from acquisition of subsidiaries (Note 38)	–	–	–	2.1	1.5	–	3.6
Additions	6.3	59.2	–	124.0	63.0	141.3	393.8
Transfer from investment properties (Note 13)	–	2.8	–	–	–	–	2.8
Transfer from/(to) stocks	–	–	–	0.3	(0.2)	(22.2)	(22.1)
Disposals	(0.1)	(10.2)	–	(4.4)	(0.8)	(7.2)	(22.7)
Depreciation (Note 4)	–	(105.1)	(77.3)	(426.0)	(60.8)	(93.8)	(763.0)
Impairment (Note 4)	–	(3.2)	–	(0.3)	–	(5.9)	(9.4)
Surplus on revaluation	–	0.1	–	–	–	–	0.1
Net book value at 31st December	40.4	1,167.3	918.9	1,544.9	139.8	431.9	4,243.2
Cost	40.4	2,022.1	1,810.8	4,656.4	567.4	762.2	9,859.3
Accumulated depreciation and impairment	–	(854.8)	(891.9)	(3,111.5)	(427.6)	(330.3)	(5,616.1)
	40.4	1,167.3	918.9	1,544.9	139.8	431.9	4,243.2

The Group's property, plant and equipment have not been pledged as security for borrowings at 31st December 2021 (2020: US\$2.3 million).

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 12 Property, Plant And Equipment (continued)

	Freehold land US\$m	Buildings & leasehold improvements US\$m	Office furniture, fixtures & equipment US\$m	Motor vehicles US\$m	Total US\$m
<b>Company</b>					
<b>2021</b>					
Net book value at 1st January	27.9	4.5	0.5	1.2	34.1
Translation adjustments	(0.7)	(0.1)	–	0.1	(0.7)
Additions	–	–	0.1	0.8	0.9
Disposals	–	–	–	(0.3)	(0.3)
Depreciation (Note 4)	–	(0.3)	(0.2)	(0.4)	(0.9)
Net book value at 31st December	27.2	4.1	0.4	1.4	33.1
Cost	27.2	6.4	1.3	2.0	36.9
Accumulated depreciation	–	(2.3)	(0.9)	(0.6)	(3.8)
	27.2	4.1	0.4	1.4	33.1
<b>2020</b>					
Net book value at 1st January	27.3	4.7	0.4	2.2	34.6
Translation adjustments	0.6	0.1	–	(0.1)	0.6
Additions	–	–	0.2	0.4	0.6
Disposals	–	–	–	(0.7)	(0.7)
Depreciation (Note 4)	–	(0.3)	(0.1)	(0.6)	(1.0)
Net book value at 31st December	27.9	4.5	0.5	1.2	34.1
Cost	27.9	6.6	1.2	2.2	37.9
Accumulated depreciation	–	(2.1)	(0.7)	(1.0)	(3.8)
	27.9	4.5	0.5	1.2	34.1

### 13 Investment Properties

	Group	
	2021 US\$m	2020 US\$m
Completed commercial properties:		
Balance at 1st January	519.7	526.8
Translation adjustments	(5.8)	(7.7)
Fair value gain/(loss) (Note 4)	(3.1)	3.2
Additions	1.7	0.6
Transfer from commercial properties under development	12.2	8.8
Transfer from/(to) right-of-use assets (Note 11)	3.1	(9.2)
Transfer from/(to) property, plant and equipment (Note 12)	1.3	(2.8)
Balance at 31st December	529.1	519.7
Commercial properties under development:		
Balance at 1st January	12.5	16.4
Translation adjustments	(0.3)	(0.3)
Additions	–	5.2
Transfer to completed commercial properties	(12.2)	(8.8)
Balance at 31st December	–	12.5
Total	529.1	532.2

The valuations of the investment properties were conducted by independent, professionally qualified valuers, based on the open market value. Fair values of these properties are generally derived based on the direct comparison method, using observable recent market transactions. This valuation method is based on comparing the property to be valued directly with other comparable properties in close proximity. However, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

The Group's policy is to recognise transfers between the levels in the fair value measurement hierarchy as of the date of the event or change in circumstances that caused the transfer. Level 2 fair values of the Group's properties were derived using open market value. There were no transfers within the fair value hierarchy levels for the financial years ended 31st December 2021 and 2020.

The Group's investment properties have not been pledged as security for borrowings at 31st December 2021 and 2020.

## Notes to The Financial Statements (continued)

For the year ended 31st December 2021

### 14 Bearer Plants

The Group's bearer plants are primarily for the production of palm oil.

	Group	
	2021 US\$m	2020 US\$m
Net book value at 1st January	496.7	502.9
Translation adjustments	(5.7)	(7.2)
Additions	34.9	37.4
Disposals	–	(9.7)
Depreciation (Note 4)	(27.3)	(26.7)
Net book value at 31st December	498.6	496.7
Immature bearer plants	113.2	109.5
Mature bearer plants	385.4	387.2
	498.6	496.7
Cost	733.9	710.6
Accumulated depreciation	(235.3)	(213.9)
	498.6	496.7

The Group's bearer plants have not been pledged as security for borrowings at 31st December 2021 and 2020.

### 15 Interests In Subsidiaries

	Company	
	2021 US\$m	2020 US\$m
At cost:		
– quoted equity securities (market value: 2021: US\$8,150.5 million; 2020: US\$8,692.1 million)	1,289.5	1,301.3
– unquoted equity securities	127.7	135.8
	1,417.2	1,437.1
Less: Impairment	(0.7)	(24.9)
	1,416.5	1,412.2

A list of principal subsidiaries is set out in Note 42.



## 16 Interests In Associates And Joint Ventures

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
At cost:				
– quoted equity securities (Group market value: 2021: US\$883.5 million; 2020: US\$778.3 million)	939.1	950.8	833.0	851.9
– unquoted equity securities	1,745.6	1,652.5	333.9	341.5
	2,684.7	2,603.3	1,166.9	1,193.4
Post-acquisition reserves and impairment	1,700.8	1,429.3	(190.9)	(195.2)
	4,385.5	4,032.6	976.0	998.2
Associates	2,148.5	2,029.0	909.5	930.2
Joint ventures	2,237.0	2,003.6	66.5	68.0
	4,385.5	4,032.6	976.0	998.2

The market value of quoted equity securities is based on their quoted prices. In determining whether these investments are impaired, management has also considered recent arm's length transactions of a similar nature and the investment's recoverable amount computed using a value-in-use calculation.

Movements of the Group's associates and joint ventures during the year are as follows:

	Associates		Joint ventures	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Balance at 1st January	2,029.0	2,167.6	2,003.6	2,899.7
Translation adjustments	(41.9)	(15.0)	(20.7)	(72.2)
Share of results after tax and non-controlling interests	216.8	(56.4)	373.8	156.6
Share of other comprehensive income/(expense) after tax and non-controlling interests	43.5	(49.7)	1.2	(18.3)
Dividends received	(65.8)	(64.7)	(278.6)	(221.2)
Additions arising from acquisition of subsidiaries (Note 38)	–	44.3	–	–
Acquisitions and increase in attributable interests	28.6	5.6	157.7	7.8
Disposals and decrease in attributable interests	(61.5)	(1.6)	–	(748.9)
Other	(0.2)	(1.1)	–	0.1
Balance at 31st December	2,148.5	2,029.0	2,237.0	2,003.6

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 16 Interests In Associates And Joint Ventures (continued)

### (a) Investment in associates

The material associates of the Group are Truong Hai Group Corporation ("THACO"), SCCC and PT Astra Daihatsu Motor. These associates have share capital consisting solely of ordinary shares. The Company has a 26.6% and a 25.5% interest in THACO and SCCC, respectively, and the Group's subsidiary, Astra has a 31.9% interest in PT Astra Daihatsu Motor. THACO is a multi-industry group in Vietnam and SCCC is a cement manufacturer in Thailand. PT Astra Daihatsu Motor is principally involved in the manufacturing and distribution of Daihatsu motor vehicles in Indonesia.

In 2020, in view of the challenging market conditions faced by SCCC, management has performed an impairment review of the carrying amount of SCCC for the Group and Company, and concluded that an impairment has occurred. An impairment loss of US\$182.0 million has been included in the share of results of associates and joint ventures of US\$100.2 million. The Company has recorded an impairment loss of US\$187.3 million in the net operating costs.

In 2021, no impairment charge was recognised.

The impairment review was performed by comparing the carrying amount of SCCC with the recoverable amount. The recoverable amount was determined based on a value-in-use ("VIU") calculation using cashflow projections approved by management covering a four-year period. Cashflows beyond the four-year period were extrapolated using the estimates stated below:

Growth rates in Thailand and Vietnam	3.5% – 4.0%
Pre-tax discount rate	9.8%

The growth rates do not exceed the long-term average industry growth rates in Thailand and Vietnam, and the pre-tax discount rate reflects business specific risks relating to the relevant industry.

As at 31st December 2021, the Group has considered that any reasonable possible change in key assumptions used in the value-in-use computation would not cause an impairment charge that is material to the financial statement for the year ended 31st December 2021.

As at 31st December 2021, the fair value of the Group's interest in SCCC, which is listed on the Stock Exchange of Thailand, was US\$357.5 million (2020: US\$344.7 million).

## 16 Interests In Associates And Joint Ventures (continued)

### (a) Investment in associates (continued)

Set out below is the summarised financial information for the Group's material associates.

Summarised balance sheet at 31st December:

	THACO US\$m	SCCC US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2021</b>				
Non-current assets	3,169.1	2,134.9	591.3	5,895.3
Current assets				
Cash and cash equivalents	97.5	290.0	446.4	833.9
Other current assets	2,570.7	296.6	710.4	3,577.7
Total current assets	2,668.2	586.6	1,156.8	4,411.6
Non-current liabilities				
Financial liabilities	(895.9)	(521.3)	(1.4)	(1,418.6)
Other non-current liabilities	(143.8)	(167.1)	(71.3)	(382.2)
Total non-current liabilities	(1,039.7)	(688.4)	(72.7)	(1,800.8)
Current liabilities				
Financial liabilities (excluding trade payables)	(1,105.6)	(320.8)	(1.3)	(1,427.7)
Other current liabilities (including trade payables)	(1,547.9)	(274.9)	(777.9)	(2,600.7)
Total current liabilities	(2,653.5)	(595.7)	(779.2)	(4,028.4)
Non-controlling interests	(250.3)	(45.4)	–	(295.7)
Net assets attributable to parent	1,893.8	1,392.0	896.2	4,182.0
<b>2020</b>				
Non-current assets	2,570.6	2,342.3	499.2	5,412.1
Current assets				
Cash and cash equivalents	183.4	256.5	367.8	807.7
Other current assets	2,312.6	297.2	556.0	3,165.8
Total current assets	2,496.0	553.7	923.8	3,973.5
Non-current liabilities				
Financial liabilities	(703.5)	(818.0)	(2.4)	(1,523.9)
Other non-current liabilities	(120.3)	(218.0)	(63.6)	(401.9)
Total non-current liabilities	(823.8)	(1,036.0)	(66.0)	(1,925.8)
Current liabilities				
Financial liabilities (excluding trade payables)	(1,310.4)	(141.0)	(1.5)	(1,452.9)
Other current liabilities (including trade payables)	(1,042.7)	(258.8)	(495.1)	(1,796.6)
Total current liabilities	(2,353.1)	(399.8)	(496.6)	(3,249.5)
Non-controlling interests	(247.8)	(45.2)	–	(293.0)
Net assets attributable to parent	1,641.9	1,415.0	860.4	3,917.3

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 16 Interests In Associates And Joint Ventures (continued)

### (a) Investment in associates (continued)

Summarised statement of comprehensive income for the year ended 31st December:

	THACO US\$m	SCCC US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2021</b>				
Revenue	2,646.0	1,286.1	4,223.1	8,155.2
Depreciation and amortisation	(127.3)	(121.2)	(108.0)	(356.5)
Financing income	92.7	2.4	9.4	104.5
Financing charges	(96.8)	(38.5)	(0.5)	(135.8)
Tax	(22.9)	–	(53.1)	(76.0)
Profit after tax	279.3	125.5	175.6	580.4
Other comprehensive income/(expense)	–	(6.5)	(4.0)	(10.5)
Total comprehensive income	279.3	119.0	171.6	569.9
Dividends received from associates	–	21.3	40.2	61.5
<b>2020</b>				
Revenue	2,754.7	1,329.1	2,558.9	6,642.7
Depreciation and amortisation	(109.0)	(131.4)	(86.0)	(326.4)
Financing income	–	2.5	14.1	16.6
Financing charges	(81.4)	(43.9)	(0.3)	(125.6)
Tax	(24.2)	(24.9)	(27.6)	(76.7)
Profit after tax	152.9	117.4	85.3	355.6
Other comprehensive income/(expense)	–	(4.1)	(4.1)	(8.2)
Total comprehensive income	152.9	113.3	81.2	347.4
Dividends received from associates	18.4	9.7	22.5	50.6

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and fair value of the associates at the time of acquisition. For associates acquired during 2021, the fair value of the identifiable assets and liabilities at the acquisition date is provisional and will be finalised within one year after the acquisition date.

## 16 Interests In Associates And Joint Ventures (continued)

### (a) Investment in associates (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material associates is set out below.

	THACO US\$m	SCCC US\$m	PT Astra Daihatsu Motor US\$m	Total US\$m
<b>2021</b>				
Net assets	1,893.8	1,392.0	896.2	4,182.0
Interest in associates	26.6%	25.5%	31.9%	
Group's share of net assets in associates	503.7	355.5	285.6	1,144.8
Goodwill	168.6	215.2	–	383.8
Carrying value	672.3	570.7	285.6	1,528.6
<b>2020</b>				
Net assets	1,641.9	1,415.0	860.4	3,917.3
Interest in associates	26.6%	25.5%	31.9%	
Group's share of net assets in associates	436.7	361.4	274.2	1,072.3
Goodwill	166.4	421.6	–	588.0
Less: Impairment	–	(182.0)	–	(182.0)
Carrying value	603.1	601.0	274.2	1,478.3

The Group has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these associates.

	2021 US\$m	2020 US\$m
Share of profit	59.0	31.7
Share of other comprehensive income/(expense)	43.1	(52.7)
Share of total comprehensive income/(expense)	102.1	(21.0)
Carrying amount of interests in these associates	619.9	550.7

### (b) Investment in joint ventures

The material joint venture of the Group is PT Astra Honda Motor. The joint venture has share capital consisting solely of ordinary shares, which are held by the Group's subsidiary, Astra. Astra has a 50.0% interest in PT Astra Honda Motor. PT Astra Honda Motor is principally involved in the manufacturing and distribution of Honda motorcycles in Indonesia.

Set out below is the summarised financial information for the Group's material joint venture.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 16 Interests In Associates And Joint Ventures (continued)

- (b) Investment in joint ventures (continued)  
Summarised balance sheet at 31st December:

	2021 US\$m	2020 US\$m
Non-current assets	<b>1,362.0</b>	1,430.5
Current assets		
Cash and cash equivalents	<b>778.8</b>	524.3
Other current assets	<b>427.9</b>	305.3
Total current assets	<b>1,206.7</b>	829.6
Non-current liabilities		
Other non-current liabilities	<b>(248.5)</b>	(289.9)
Total non-current liabilities	<b>(248.5)</b>	(289.9)
Current liabilities		
Other current liabilities (including trade and other payables)	<b>(977.6)</b>	(642.5)
Total current liabilities	<b>(977.6)</b>	(642.5)
Net assets	<b>1,342.6</b>	1,327.7

Summarised statement of comprehensive income for the year ended 31st December:

	2021 US\$m	2020 US\$m
Revenue	<b>5,114.2</b>	3,709.3
Depreciation and amortisation	<b>(136.8)</b>	(129.4)
Financing income	<b>18.1</b>	26.5
Financing charges	<b>–</b>	(1.1)
Tax	<b>(118.7)</b>	(92.8)
Profit after tax	<b>425.1</b>	289.9
Other comprehensive income/(expense)	<b>(5.6)</b>	(13.0)
Total comprehensive income	<b>419.5</b>	276.9
Dividends received from joint venture	<b>209.3</b>	148.8

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for fair value adjustments made at time of acquisition and differences in accounting policies between the Group and the joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture.

## 16 Interests In Associates And Joint Ventures (continued)

### (b) Investment in joint ventures (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the material joint venture is set out below.

	2021 US\$m	2020 US\$m
Net assets	1,342.6	1,327.7
Interest in joint venture	50.0%	50.0%
Group's share of net assets in joint venture	671.3	663.8
Carrying value	671.3	663.8

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these joint ventures.

	2021 US\$m	2020 US\$m
Share of profit	146.7	11.7
Share of other comprehensive income/(expense)	4.0	(11.7)
Share of total comprehensive income	150.7	–
Carrying amount of interests in these joint ventures	1,565.7	1,339.8

A list of the Group's principal associates and joint ventures is set out in Note 42.



# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 17 Investments

The Group's investments consist of equity investments at fair value through profit and loss and debt investments at fair value through other comprehensive income.

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Equity investments at fair value through profit and loss				
– quoted investments	1,136.7	1,320.7	264.5	223.0
– unquoted investments	387.8	326.3	–	–
	1,524.5	1,647.0	264.5	223.0
Debt investments at fair value through other comprehensive income	776.4	697.3	–	–
	2,300.9	2,344.3	264.5	223.0
Non-current	2,255.3	2,283.9	264.5	223.0
Current	45.6	60.4	–	–
	2,300.9	2,344.3	264.5	223.0

Debt investments comprised listed bonds.

Movements during the year are as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Balance at 1st January	2,344.3	2,134.7	223.0	205.1
Translation adjustments	(39.1)	15.1	(5.2)	4.6
Additions arising from acquisition of subsidiaries (Note 38)	–	26.1	–	–
Change in fair value recognised in profit and loss (Note 4)	(130.9)	113.4	46.7	13.3
Change in fair value recognised in other comprehensive income	(2.1)	19.1	–	–
Additions	375.0	483.4	–	–
Disposals	(245.5)	(447.1)	–	–
Unwinding of discount	(0.8)	(0.4)	–	–
Balance at 31st December	2,300.9	2,344.3	264.5	223.0

The fair value measurements of investments are determined on the following bases:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Quoted prices in active markets	1,913.1	2,018.0	264.5	223.0
Other valuation techniques using unobservable inputs	387.8	326.3	–	–
	2,300.9	2,344.3	264.5	223.0

## 17 Investments (continued)

Movements of equity investments which are valued based on other valuation techniques using unobservable inputs are as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Balance at 1st January	326.3	320.6	–	–
Translation adjustments	(3.4)	(4.2)	–	–
Change in fair value recognised in profit and loss	4.3	4.6	–	–
Additions	60.6	5.5	–	–
Disposals	–	(0.2)	–	–
Balance at 31st December	387.8	326.3	–	–

## 18 Properties For Sale

	Group	
	2021 US\$m	2020 US\$m
Properties under development	361.6	372.8
Completed properties	13.1	17.4
	374.7	390.2

As at 31st December 2021, properties under development amounting to US\$231.7 million (2020: US\$239.7 million) were not scheduled for completion within the next twelve months.

The Group's properties for sale have not been pledged as security for borrowings as at 31st December 2021 and 2020.

## 19 Stocks

	Group	
	2021 US\$m	2020 US\$m
Finished goods	1,201.1	1,063.9
Work in progress	54.6	34.9
Raw materials	92.5	66.1
Spare parts	67.2	64.2
Other	116.5	91.1
	1,531.9	1,320.2

The Group's stocks have not been pledged as security for borrowings as at 31st December 2021 and 2020.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 20 Financing Debtors

	Group	
	2021 US\$m	2020 US\$m
Consumer financing debtors	4,596.7	4,484.2
Less: Allowance for impairment	(339.7)	(329.5)
	4,257.0	4,154.7
Financing lease receivables		
– gross investment	419.5	332.5
– unearned finance income	(47.7)	(34.5)
– net investment	371.8	298.0
Less: Allowance for impairment	(24.4)	(18.4)
	347.4	279.6
	4,604.4	4,434.3
Non-current	2,189.5	2,138.8
Current	2,414.9	2,295.5
	4,604.4	4,434.3

The maturity analysis of consumer financing debtors is as follows:

### Including related finance income

	2021 US\$m	2020 US\$m
Within one year	3,225.6	3,126.3
Between one and two years	1,648.4	1,641.7
Between two and three years	676.9	676.0
Between three and four years	219.6	231.8
Between four and five years	57.9	58.3
	5,828.4	5,734.1

### Excluding related finance income

	2021 US\$m	2020 US\$m
Within one year	2,423.4	2,310.1
Between one and two years	1,332.6	1,324.7
Between two and three years	588.0	584.6
Between three and four years	197.9	209.4
Between four and five years	54.8	55.4
	4,596.7	4,484.2

## 20 Financing Debtors (continued)

The maturity analysis of investment in financing lease receivables is as follows:

	Gross investment		Net investment	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Within one year	227.3	199.0	196.1	175.0
Between one and two years	128.7	96.8	116.1	89.0
Between two and three years	51.1	27.5	47.8	25.6
Between three and four years	11.3	3.6	10.7	3.0
Between four and five years	1.1	5.6	1.1	5.4
	419.5	332.5	371.8	298.0

### Impairment of financing debtors

The consumer financing debtors relate primarily to Astra's motor vehicle and motorcycle financing. Before accepting any new customer, the Group assesses the potential customer's credit quality and sets credit limits by customer using internal scoring systems. These limits and scoring are reviewed periodically. The Group obtains collateral in the form of motor vehicles and motorcycles from consumer financing debtors.

The loan period ranges from 6 to 60 months for motor vehicles and motorcycles. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are factors in determining the credit risk of financing debtors. To measure the expected credit losses, the financing debtors have been grouped based on shared credit risk characteristics and the days past due. The calculation reflects the probability weighted outcome, the time value of money, historical loss rate, reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions, and higher credit risks of financing debtors who restructure their loans during the COVID-19 pandemic, as allowed under the Indonesia regulations. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. Financing debtors are performing when timely repayments are being made. Financing debtors are underperforming and subject to a significant increase in credit risk when motor vehicle and motorcycle financing debtors are overdue for 30 days, or for certain motor vehicle and motorcycle financing debtors who had restructured their loans. Lifetime expected credit losses are provided at this stage. Financing debtors are non-performing if they are overdue for 90 days. Financing debtors are written off when they are overdue for 150 days and there is no reasonable expectation of recovery. In case of default, the Group facilitates the customer to sell the collateral vehicles under fiduciary arrangements for the purpose of recovering the outstanding receivables.

The fair value of the financing debtors is US\$4,671.2 million (2020: US\$4,652.7 million). The fair value of financing debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates of 10% to 37% per annum (2020: 11% to 38% per annum). The higher the rates, the lower the fair value.

Financing debtors are due within five years (2020: five years) from the balance sheet date and the interest rates range from 7% to 45% per annum (2020: 11% to 38% per annum).

Financing debtors amounting to US\$85.3 million at 31st December 2021 (2020: US\$281.8 million) have been pledged as security for borrowings (Note 26).

## Notes to The Financial Statements (continued)

For the year ended 31st December 2021

### 20 Financing Debtors (continued)

#### Impairment of financing debtors (continued)

The Group provides for credit losses against the financing debtors in 2021 and 2020 as follows:

	Expected credit loss rate %	Estimated gross carrying amount at default US\$m
<b>2021</b>		
Performing	2.00 – 12.25	3,526.3
Underperforming	2.00 – 31.29	1,385.9
Non-performing	39.00 – 100.00	56.3
<b>2020</b>		
Performing	0.91 – 8.25	3,112.5
Underperforming	1.50 – 19.30	1,613.5
Non-performing	19.68 – 100.00	56.2

Movements in the allowance for impairment of financing debtors are as follows:

	Performing US\$m	Under- performing US\$m	Non- performing US\$m	Total US\$m
<b>2021</b>				
Balance at 1st January	142.3	159.4	46.2	347.9
Translation adjustments	(1.4)	(1.9)	(0.6)	(3.9)
Additional provisions/(write-back) (Note 4)	(4.4)	143.2	22.6	161.4
Transfer	45.0	(71.2)	26.2	–
Write-off/utilisation	(0.3)	(80.6)	(60.4)	(141.3)
Balance at 31st December	181.2	148.9	34.0	364.1
<b>2020</b>				
Balance at 1st January	109.7	76.7	42.6	229.0
Translation adjustments	(0.3)	2.0	(0.5)	1.2
Additional provisions (Note 4)	35.9	202.0	36.2	274.1
Transfer	(3.0)	(23.8)	26.8	–
Write-off/utilisation	–	(97.5)	(58.9)	(156.4)
Balance at 31st December	142.3	159.4	46.2	347.9

As at 31st December 2021 and 2020, there are no financing debtors that are written off but still subject to enforcement activities.

## 21 Debtors

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
<b>Financing debtors</b> (Note 20)	<b>4,604.4</b>	4,434.3	–	–
<b>Trade debtors</b>				
Amounts owing by third parties	<b>1,496.4</b>	1,191.6	–	–
Amounts owing by associates	<b>29.7</b>	14.2	–	0.1
Amounts owing by joint ventures	<b>111.3</b>	83.9	–	–
	<b>1,637.4</b>	1,289.7	–	0.1
Less: Allowance for impairment	<b>(85.5)</b>	(66.0)	–	–
	<b>1,551.9</b>	1,223.7	–	0.1
<b>Other debtors</b>				
Receivables from collateral vehicles	<b>20.0</b>	16.2	–	–
Restricted bank balances and deposits	<b>67.1</b>	88.3	–	–
Loans to employees	<b>34.0</b>	33.8	<b>0.3</b>	0.3
Interest receivable	<b>13.0</b>	24.2	–	–
Amounts owing by associates	<b>107.1</b>	80.5	–	–
Amounts owing by joint ventures	<b>71.4</b>	85.9	–	–
Amounts owing by subsidiaries	–	–	<b>1,125.6</b>	1,155.5
Sundry debtors	<b>651.8</b>	650.8	–	–
Less: Allowance for impairment	<b>(29.0)</b>	(16.4)	–	–
	<b>622.8</b>	634.4	–	–
<b>Financial assets excluding derivatives</b>	<b>7,091.7</b>	6,621.3	<b>1,125.9</b>	1,155.9
Forward foreign exchange contracts (Note 35)	<b>0.6</b>	1.6	–	–
Cross-currency swap contracts (Note 35)	<b>15.5</b>	8.8	–	–
Interest rate swap contracts (Note 35)	<b>0.1</b>	–	–	–
Commodity options (Note 35)	–	0.5	–	–
Commodity zero collars (Note 35)	<b>0.1</b>	–	–	–
	<b>16.3</b>	10.9	–	–
<b>Financial assets</b>	<b>7,108.0</b>	6,632.2	<b>1,125.9</b>	1,155.9
<b>Contract assets</b> (Note 3)				
Gross	<b>107.5</b>	123.0	–	–
Less: Allowance for impairment	<b>(64.5)</b>	(46.1)	–	–
	<b>43.0</b>	76.9	–	–
Reinsurers' share of estimated claims (Note 36)	<b>77.8</b>	81.9	–	–
Deposits	<b>6.0</b>	5.9	<b>0.1</b>	0.1
Prepayments	<b>538.9</b>	636.7	<b>3.5</b>	0.9
Other	<b>156.1</b>	90.1	<b>0.3</b>	0.1
	<b>7,929.8</b>	7,523.7	<b>1,129.8</b>	1,157.0
Non-current	<b>2,782.7</b>	2,846.8	–	–
Current	<b>5,147.1</b>	4,676.9	<b>1,129.8</b>	1,157.0
	<b>7,929.8</b>	7,523.7	<b>1,129.8</b>	1,157.0
Analysis by geographical area of operation:				
Indonesia	<b>7,838.1</b>	7,418.2	–	–
Singapore	<b>68.1</b>	77.7	<b>1,129.8</b>	1,157.0
Malaysia	<b>23.6</b>	27.8	–	–
	<b>7,929.8</b>	7,523.7	<b>1,129.8</b>	1,157.0

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 21 Debtors (continued)

### Impairment of trade debtors and contract assets

Before accepting any new customer, the individual Group business assesses the potential customer's credit quality and sets credit limits by customer using internal credit scoring systems. These limits and scoring are reviewed periodically.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payment are considered indicators that the debtor is impaired and an allowance for impairment is made based on the estimated irrecoverable amount determined by reference to past default experience.

The Group applies the simplified approach to measure expected credit loss, that is a lifetime expected loss allowance for trade debtors and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Changes in certain macroeconomic information, such as GDP and inflation rate, are relevant for determining expected credit loss rates. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debtors for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade debtors are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors and industry trends affecting the ability of the customers to settle the receivables.

The loss allowance for both trade debtors and contract assets as at 31st December 2021 and 2020 were determined as follows:

	Below 30 days	Between 31 and 60 days	Between 61 and 120 days	More than 120 days	Total
<b>2021</b>					
Weighted average expected loss rate	4.5%	0.6%	3.9%	63.4%	
Gross carrying amount – trade debtors	1,351.2	116.2	40.7	129.3	1,637.4
Gross carrying amount – contract assets	107.5	–	–	–	107.5
Loss allowance	(65.7)	(0.7)	(1.6)	(82.0)	(150.0)
<b>2020</b>					
Weighted average expected loss rate	4.3%	0.9%	4.0%	34.4%	
Gross carrying amount – trade debtors	1,006.3	41.3	65.0	177.1	1,289.7
Gross carrying amount – contract assets	123.0	–	–	–	123.0
Loss allowance	(48.3)	(0.4)	(2.6)	(60.8)	(112.1)



## 21 Debtors (continued)

### Impairment of trade debtors and contract assets (continued)

Movements in the provisions for impairment are as follows:

	Trade debtors		Contract assets		Other debtors	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Balance at 1st January	66.0	37.0	46.1	1.4	16.4	6.0
Translation adjustments	(0.8)	0.7	(0.4)	1.7	(0.1)	0.3
Additional provisions (Note 4)	25.9	39.7	18.9	43.0	13.2	10.7
Reversals of provision (Note 4)	(1.7)	(5.9)	(0.1)	–	(0.2)	(0.2)
Write-off	(3.9)	(5.5)	–	–	(0.3)	(0.4)
Balance at 31st December	85.5	66.0	64.5	46.1	29.0	16.4

Trade debtors, contract assets and other debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

The fair value of the non-current debtors are determined based on a discounted cash flow method using unobservable inputs, which are mainly rates 4% to 15% per annum (2020: 5% to 15% per annum). The higher the rates, the lower the fair value. The fair value of the receivables from collateral vehicles held amounted to US\$20.0 million (2020: US\$16.2 million).

Trade and other debtors of the Group amounting to US\$7.3 million at 31st December 2021 (2020: US\$11.6 million) have been pledged as security for borrowings (Note 26).

The amounts owing by subsidiaries, associates and joint ventures are unsecured, interest-free except for amounts owing by associates and joint ventures amounting to US\$51.0 million (2020: US\$156.5 million) which bear weighted average interest rate of 1% to 4% (2020: 3% to 5%) per annum.

## 22 Bank Balances And Other Liquid Funds

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Bank and cash balances	2,778.4	1,998.0	24.2	46.5
Deposits with banks and financial institutions	1,810.4	1,499.6	–	–
	4,588.8	3,497.6	24.2	46.5
Analysis by currency:				
Singapore Dollar	53.9	91.1	3.9	23.4
United States Dollar	1,082.8	557.1	18.9	21.9
Malaysian Ringgit	6.1	5.1	–	–
Japanese Yen	3.3	5.4	0.5	0.5
Indonesian Rupiah	3,418.9	2,834.5	0.2	0.1
Euro	1.5	0.8	–	–
Vietnamese Dong	20.6	2.5	0.7	0.6
Other	1.7	1.1	–	–
	4,588.8	3,497.6	24.2	46.5

The weighted average effective interest rate on interest-bearing deposits at 31st December 2021 was 1.7% (2020: 2.9%) per annum.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 23 Creditors

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
<b>Trade creditors</b>				
Amounts owing to third parties	1,458.8	1,014.2	–	–
Amounts owing to associates	91.8	39.1	–	–
Amounts owing to joint ventures	231.3	151.9	–	–
	1,781.9	1,205.2	–	–
<b>Other creditors</b>				
Accruals	938.8	755.6	14.4	11.8
Interest payable	41.7	40.0	2.8	0.1
Amounts owing to joint ventures	2.0	2.1	–	–
Amounts owing to subsidiaries	–	–	92.0	53.3
Contingent consideration payable	8.8	8.8	–	–
Sundry creditors	311.0	229.8	–	–
<b>Financial liabilities excluding derivatives</b>	3,084.2	2,241.5	109.2	65.2
Forward foreign exchange contracts (Note 35)	0.1	0.1	–	–
Cross-currency swap contracts (Note 35)	50.7	118.4	–	–
Interest rate swap contracts (Note 35)	4.2	11.9	–	–
Forward commodity contracts (Note 35)	–	33.1	–	–
Commodity zero collar (Note 35)	–	5.3	–	–
	55.0	168.8	–	–
<b>Financial liabilities</b>	3,139.2	2,410.3	109.2	65.2
Contract liabilities (Note 3)	492.0	421.1	–	–
Insurance contracts – gross estimated claims (Note 36)	251.9	230.2	–	–
Insurance contracts – unearned premiums (Note 36)	289.4	292.6	–	–
Rental income received in advance	6.0	9.0	–	–
Customer deposits and advances	107.1	60.5	–	–
Other	404.3	389.6	–	–
	4,689.9	3,813.3	109.2	65.2
Non-current	201.5	278.4	–	–
Current	4,488.4	3,534.9	109.2	65.2
	4,689.9	3,813.3	109.2	65.2
Analysis by geographical area of operation:				
Indonesia	4,412.7	3,513.0	–	–
Singapore	237.7	257.7	109.2	65.2
Malaysia	39.5	42.6	–	–
	4,689.9	3,813.3	109.2	65.2

The amounts owing to subsidiaries, associates and joint ventures are unsecured, interest-free and repayable on demand. The fair value of creditors approximates their carrying amounts.

The contingent consideration payable mainly arose from Astra's acquisition of a 60% interest in PT Duta Nurcahya in 2012 and represents the fair value of service fee payable for mining services to be provided by the vendor.

## 24 Provisions

	Warranty & goodwill expenses US\$m	Closure costs US\$m	Statutory employee entitlements US\$m	Other US\$m	Total US\$m
<b>Group</b>					
<b>2021</b>					
Balance at 1st January	73.8	0.9	160.6	66.9	302.2
Translation adjustments	(1.6)	–	(1.8)	(0.4)	(3.8)
Provision made/(reversal of provision) during the year (Note 4)	1.7	–	(1.6)	4.2	4.3
Utilised during the year	(3.5)	–	(0.1)	(2.3)	(5.9)
Balance at 31st December	70.4	0.9	157.1	68.4	296.8
Non-current	–	0.9	125.6	57.3	183.8
Current	70.4	–	31.5	11.1	113.0
	70.4	0.9	157.1	68.4	296.8
<b>2020</b>					
Balance at 1st January	70.6	0.9	137.0	63.5	272.0
Translation adjustments	1.5	–	(1.0)	(0.3)	0.2
Provision made during the year (Note 4)	4.5	–	24.6	8.1	37.2
Utilised during the year	(2.8)	–	–	(4.4)	(7.2)
Balance at 31st December	73.8	0.9	160.6	66.9	302.2
Non-current	–	0.9	127.8	57.6	186.3
Current	73.8	–	32.8	9.3	115.9
	73.8	0.9	160.6	66.9	302.2

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 25 Lease Liabilities

	Group	
	2021 US\$m	2020 US\$m
Balance at 1st January	144.9	150.6
Translation adjustments	(2.2)	(1.3)
Additions arising from acquisition of subsidiaries (Note 38)	–	1.0
Additions	95.5	132.6
Terminations	(16.9)	(7.0)
Modifications to lease terms	(0.3)	2.8
Lease payments	(115.0)	(154.3)
Interest expense (Note 6)	11.0	20.5
Balance at 31st December	117.0	144.9
Non-current	64.4	79.7
Current	52.6	65.2
	117.0	144.9

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for other borrowing purposes.

The Group is not exposed to any residual guarantees in respect of the leases entered into at 31st December 2021 and 2020.

The Group has not entered into lease contracts which have not commenced at 31st December 2021 and 2020.

## 26 Borrowings

	Group	
	2021 US\$m	2020 US\$m
<b>Current borrowings</b>		
Bank loans	284.5	2,049.8
Current portion of long-term borrowings:		
– Bank loans	1,860.2	1,362.6
– Astra Sedaya Finance Berkelanjutan III Tahap III Bonds	26.3	–
– Astra Sedaya Finance Berkelanjutan III Tahap IV Bonds	14.0	–
– Astra Sedaya Finance Berkelanjutan IV Tahap I Bonds	–	37.7
– Astra Sedaya Finance Berkelanjutan IV Tahap II Bonds	41.6	–
– Astra Sedaya Finance Berkelanjutan IV Tahap III Bonds	49.0	–
– Astra Sedaya Finance Berkelanjutan IV Tahap IV Bonds	–	62.4
– Astra Sedaya Finance Berkelanjutan V Tahap I Bonds	–	72.5
– Astra Sedaya Finance Berkelanjutan V Tahap II Bonds	62.5	–
– Astra Sedaya Finance Berkelanjutan V Tahap III Bonds	37.4	–
– Astra Sedaya Finance Euro Medium Term Note	–	51.3
– Astra Sedaya Finance Sukuk Mudharabah Berkelanjutan I Tahap I Bonds	–	12.4
– Federal International Finance Berkelanjutan III Tahap III Bonds	–	89.9
– Federal International Finance Berkelanjutan III Tahap IV Bonds	–	41.5
– Federal International Finance Berkelanjutan III Tahap V Bonds	89.6	–
– Federal International Finance Berkelanjutan IV Tahap I Bonds	65.6	–
– Federal International Finance Berkelanjutan IV Tahap II Bonds	–	60.4
– Federal International Finance Berkelanjutan V Tahap I Bonds	43.9	–
– Federal International Finance Berkelanjutan V Tahap II Bonds	68.2	–
– Federal International Finance Medium Term Notes	26.0	299.4
– SAN Finance Berkelanjutan II Tahap II Bonds	2.1	–
– SAN Finance Berkelanjutan III Tahap I Bonds	16.2	–
– Serasi Autoraya Berkelanjutan I Tahap I Bonds	–	14.6
– Other	2.8	5.2
	<b>2,689.9</b>	<b>4,159.7</b>

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 26 Borrowings (continued)

	Group	
	2021 US\$m	2020 US\$m
<b>Long-term borrowings</b>		
Bank loans	<b>3,331.0</b>	2,386.8
Astra Sedaya Finance Berkelanjutan III Tahap III Bonds	–	26.6
Astra Sedaya Finance Berkelanjutan III Tahap IV Bonds	–	14.1
Astra Sedaya Finance Berkelanjutan IV Tahap II Bonds	<b>40.1</b>	87.8
Astra Sedaya Finance Berkelanjutan IV Tahap III Bonds	<b>16.5</b>	66.3
Astra Sedaya Finance Berkelanjutan IV Tahap IV Bonds	<b>85.9</b>	86.8
Astra Sedaya Finance Berkelanjutan V Tahap I Bonds	<b>31.2</b>	30.9
Astra Sedaya Finance Berkelanjutan V Tahap II Bonds	<b>108.1</b>	–
Astra Sedaya Finance Berkelanjutan V Tahap III Bonds	<b>93.3</b>	–
Federal International Finance Berkelanjutan III Tahap V Bonds	–	90.6
Federal International Finance Berkelanjutan IV Tahap I Bonds	–	66.1
Federal International Finance Berkelanjutan IV Tahap II Bonds	<b>45.1</b>	45.8
Federal International Finance Berkelanjutan V Tahap I Bonds	<b>58.4</b>	–
Federal International Finance Berkelanjutan V Tahap II Bonds	<b>47.3</b>	–
Federal International Finance Medium Term Notes	–	29.0
SAN Finance Berkelanjutan II Tahap II Bonds	–	2.1
SAN Finance Berkelanjutan III Tahap I Bonds	–	16.4
Serasi Autoraya Berkelanjutan I Tahap I Bonds	<b>11.7</b>	11.8
Other	<b>1.7</b>	4.2
	<b>3,870.3</b>	2,965.3
<b>Total borrowings</b>	<b>6,560.2</b>	7,125.0
Secured	<b>177.4</b>	834.7
Unsecured	<b>6,382.8</b>	6,290.3
	<b>6,560.2</b>	7,125.0

## 26 Borrowings (continued)

At 31st December 2021, the Company has unsecured bank loans of US\$1,535.9 million in long-term borrowings (2020: nil) and US\$10.0 million (2020: US\$1,569.1 million) in current borrowings.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at 31st December, after taking into account hedging transactions are as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Floating rate borrowings	1,633.0	2,475.5	1,045.9	1,569.1
Fixed rate borrowings:				
– within one year	2,198.0	2,025.2	–	–
– between one and two years	1,583.9	1,421.8	500.0	–
– between two and three years	818.3	747.1	–	–
– between three and four years	112.4	274.1	–	–
– between four and five years	74.6	75.8	–	–
– beyond five years	140.0	105.5	–	–
	6,560.2	7,125.0	1,545.9	1,569.1

After taking into account hedging transactions, the weighted average interest rates and period of fixed rate borrowings of the Group are as follows:

	Fixed rate borrowings		Floating rate borrowings		Total
	Weighted average interest rates %	Weighted average period outstanding Months	US\$m	US\$m	US\$m
Currency:					
<b>Group</b>					
<b>2021</b>					
United States Dollar	1.47	15	763.2	1,061.2	1,824.4
Indonesian Rupiah	6.98	22	4,164.0	251.8	4,415.8
Malaysian Ringgit	3.13	–	–	12.3	12.3
Singapore Dollar	1.11	–	–	307.7	307.7
			4,927.2	1,633.0	6,560.2
<b>2020</b>					
United States Dollar	1.36	21	325.0	1,705.7	2,030.7
Indonesian Rupiah	7.26	21	4,324.5	440.6	4,765.1
Malaysian Ringgit	2.85	–	–	32.6	32.6
Singapore Dollar	0.90	–	–	296.6	296.6
			4,649.5	2,475.5	7,125.0



# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 26 Borrowings (continued)

		Fixed rate borrowings	Floating rate borrowings	Total	
	Weighted average interest rates %	Weighted average period outstanding Months	US\$m	US\$m	US\$m
Currency:					
Company					
2021					
United States Dollar	1.12	12	500.0	750.0	1,250.0
Singapore Dollar	1.18	–	–	295.9	295.9
			500.0	1,045.9	1,545.9
2020					
United States Dollar	0.92	–	–	1,277.0	1,277.0
Singapore Dollar	0.94	–	–	292.1	292.1
			–	1,569.1	1,569.1

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of the non-current borrowings at the end of the year are as follows:

	Group	
	2021 US\$m	2020 US\$m
Bank loans	3,340.0	2,348.8
Bonds and other	559.4	599.0
	3,899.4	2,947.8

The fair values are based on market prices, or are estimated using the expected future payments discounted at market interest rates ranging from 2.95% to 8.93% per annum (2020: 4.00% to 12.39% per annum). This is in line with the definition of "observable current market transactions" under the fair value measurement hierarchy.

At 31st December 2021, bank loans and bonds amounting to US\$177.4 million (2020: US\$834.7 million) have been collateralised by property, plant and equipment, debtors, and financing debtors.

## 26 Borrowings (continued)

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
Astra Sedaya Finance (“ASF”) Bonds and MTNs				
Secured				
ASF Berkelanjutan III Tahap III Bonds	2022	8.75%	26.3	375.0
ASF Berkelanjutan III Tahap IV Bonds	2022	7.65%	14.0	200.0
			40.3	575.0
Unsecured				
ASF Berkelanjutan IV Tahap II Bonds	2022-2024	8.80%-9.20%	90.6	1,293.0
ASF Berkelanjutan IV Tahap III Bonds	2022-2024	7.70%-7.95%	72.6	1,036.5
ASF Berkelanjutan IV Tahap IV Bonds	2023	7.00%	91.2	1,301.1
ASF Berkelanjutan V Tahap I Bonds	2023	7.60%	33.1	473.0
ASF Berkelanjutan V Tahap II Bonds	2022-2024	4.85%-6.35%	175.2	2,500.0
ASF Berkelanjutan V Tahap III Bonds	2022-2024	3.75%-5.30%	140.2	2,000.0
			602.9	8,603.6

The ASF Bonds were issued by a wholly-owned subsidiary of Astra and the secured ASF bonds are collateralised by fiduciary guarantee over financing debtors of the subsidiary amounting to 50% of the total outstanding principal of the bonds.

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
Federal International Finance (“FIF”) Bonds and MTNs				
FIF Berkelanjutan III Tahap V Bonds	2022	8.80%	96.0	1,369.5
FIF Berkelanjutan IV Tahap I Bonds	2022	8.55%	73.0	1,042.3
FIF Berkelanjutan IV Tahap II Bonds	2023	7.25%	45.2	645.4
FIF Berkelanjutan V Tahap I Bonds	2022-2024	4.60%-6.25%	105.1	1,500.0
FIF Berkelanjutan V Tahap II Bonds	2022-2024	3.60%-5.30%	122.6	1,750.0
FIF Medium Term Notes	2022	7.99%	26.0	371.7
			467.9	6,678.9

The FIF Bonds were issued by a wholly-owned subsidiary of Astra and are unsecured.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 26 Borrowings (continued)

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
SAN Finance Bonds				
SAN Finance Berkelanjutan II Tahap II Bonds	2022	9.25%	2.2	31.0
SAN Finance Berkelanjutan III Tahap I Bonds	2022	8.75%	19.7	281.0
			21.9	312.0

The SAN Finance Bonds were issued by a partly-owned subsidiary of Astra and the SAN Finance Berkelanjutan II Tahap II Bonds is collateralised by fiduciary guarantee over finance lease receivables of the subsidiary amounting to 60% of the total outstanding principal of the bonds. SAN Finance Berkelanjutan III Tahap I Bonds is unsecured.

	Maturity	Interest rates	Nominal values	
			US\$m	Rp billion
<b>Serasi Autoraya ("SERA") Bonds</b>				
SERA Berkelanjutan I Tahap I Bonds	2023	8.35%	11.7	167.0

The SERA Bonds was unsecured and issued by a wholly-owned subsidiary of Astra.

The movements in borrowings are as follows:

	Bank overdrafts	Long-term borrowings	Short-term borrowings	Total
	US\$m	US\$m	US\$m	US\$m
<b>Group</b>				
<b>2021</b>				
Balance at 1st January	–	2,965.3	4,159.7	7,125.0
Translation adjustments	–	(28.8)	(14.8)	(43.6)
Amortisation of borrowing costs	–	4.7	10.5	15.2
Transfer	–	(2,787.4)	2,787.4	–
Drawdown of borrowings	–	3,716.5	559.2	4,275.7
Repayment of borrowings	–	–	(4,812.1)	(4,812.1)
Balance at 31st December	–	3,870.3	2,689.9	6,560.2
<b>2020</b>				
Balance at 1st January	0.4	3,620.6	4,564.7	8,185.7
Translation adjustments	–	(3.3)	(106.0)	(109.3)
Amortisation of borrowing costs	–	1.5	10.3	11.8
Change in bank overdrafts	(0.4)	–	–	(0.4)
Transfer	–	(2,244.1)	2,244.1	–
Drawdown of borrowings	–	1,598.0	305.0	1,903.0
Repayment of borrowings	–	(7.4)	(2,858.4)	(2,865.8)
Balance at 31st December	–	2,965.3	4,159.7	7,125.0

## 27 Deferred Tax

	Accelerated tax depreciation & tax assets revaluation US\$m	Fair value (gains)/ losses US\$m	Provisions US\$m	Tax losses US\$m	Employee benefits & other US\$m	Total US\$m
<b>Group</b>						
<b>2021</b>						
Balance at 1st January	43.5	(283.1)	121.3	14.0	131.6	27.3
Translation adjustments	(0.9)	9.1	(1.8)	(0.2)	(1.4)	4.8
Credited/(charged) to profit and loss account (Note 7)	0.2	3.0	28.8	(6.3)	(9.2)	16.5
Credited/(charged) to other comprehensive income (Note 7)	–	(18.6)	–	–	2.7	(15.9)
Balance at 31st December	42.8	(289.6)	148.3	7.5	123.7	32.7
<b>2020</b>						
Balance at 1st January	54.4	(346.3)	105.8	9.4	119.4	(57.3)
Translation adjustments	21.2	(23.4)	(0.3)	–	(1.5)	(4.0)
Credited/(charged) to profit and loss account (Note 7)	(32.0)	86.5	15.7	4.6	11.5	86.3
Credited to other comprehensive income (Note 7)	–	4.8	–	–	1.3	6.1
Additions arising from acquisitions of subsidiaries (Note 38)	(0.1)	(4.7)	0.1	–	0.9	(3.8)
Balance at 31st December	43.5	(283.1)	121.3	14.0	131.6	27.3
	<b>Unremitted / Undistributed earnings</b>					
					<b>2021 US\$m</b>	<b>2020 US\$m</b>
<b>Company</b>						
Balance at 1st January					(6.3)	(6.2)
Translation adjustments					0.1	(0.1)
Balance at 31st December					(6.2)	(6.3)

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 27 Deferred Tax (continued)

Deferred tax balances predominantly comprise non-current items. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Deferred tax assets	391.6	370.8	–	–
Deferred tax liabilities	(358.9)	(343.5)	(6.2)	(6.3)
Balance at 31st December	32.7	27.3	(6.2)	(6.3)

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group did not recognise deferred income tax assets of US\$84.8 million (2020: US\$97.5 million) in respect of tax losses of US\$384.8 million in 2021 (2020: US\$455.2 million) which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses have expiry dates as follows:

	Group	
	2021 US\$m	2020 US\$m
Expiring in one year	54.8	82.0
Expiring in two years	94.1	68.9
Expiring in three years	111.8	104.6
Expiring in four years	67.7	107.5
Expiring beyond four years	56.4	92.2
	384.8	455.2

Deferred tax liabilities of US\$644.5 million (2020: US\$620.4 million) on temporary differences associated with investments in subsidiaries of US\$6,205.8 million (2020: US\$6,204.5 million) have not been recognised as there is no intention of remitting the retained earnings to the Company in the foreseeable future.

## 28 Pension Liabilities

The Group, through Astra, has defined benefit pension plans covering its employees in Indonesia and are either funded or unfunded. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds. The pension liabilities are calculated annually by an independent actuary using the projected unit credit method.

The amounts recognised in the Group balance sheet are as follows:

	Group	
	2021 US\$m	2020 US\$m
Fair value of plan assets	39.6	43.2
Present value of funded obligations	(82.9)	(56.6)
	(43.3)	(13.4)
Present value of unfunded obligations	(351.8)	(374.9)
Impact of minimum funding requirement/asset ceiling	(1.5)	(1.1)
Net pension liabilities	(396.6)	(389.4)

The movement in the net pension liabilities is as follows:

	Fair value of plan assets US\$m	Present value of obligations US\$m	Total US\$m	Impact of minimum funding requirement/ asset ceiling US\$m	Net amount US\$m
<b>2021</b>					
Balance at 1st January	43.2	(431.5)	(388.3)	(1.1)	(389.4)
Translation adjustments	(0.5)	4.8	4.3	–	4.3
Current service cost	–	(31.7)	(31.7)	–	(31.7)
Interest income/(expense)	2.4	(28.8)	(26.4)	–	(26.4)
Past service cost and gains on settlement	–	20.9	20.9	–	20.9
	2.4	(39.6)	(37.2)	–	(37.2)
Remeasurements					
– return on plan assets, excluding amounts included in interest expense	0.9	–	0.9	–	0.9
– change in financial assumptions	–	(26.6)	(26.6)	–	(26.6)
– experience gains	–	17.3	17.3	–	17.3
– change in asset ceiling, excluding amounts included in interest expense	–	–	–	(0.4)	0.4
	0.9	(9.3)	(8.4)	(0.4)	(8.8)
Contributions from employers	7.9	–	7.9	–	7.9
Contribution from plan participants	0.4	(0.4)	–	–	–
Benefit payments	(14.7)	41.3	26.6	–	26.6
Balance at 31st December	39.6	(434.7)	(395.1)	(1.5)	(396.6)

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 28 Pension Liabilities (continued)

	Fair value of plan assets US\$m	Present value of obligations US\$m	Total US\$m	Impact of minimum funding requirement/ asset ceiling US\$m	Net amount US\$m
<b>2020</b>					
Balance at 1st January	52.0	(381.6)	(329.6)	(1.3)	(330.9)
Translation adjustments	(1.1)	3.5	2.4	–	2.4
Additions arising from acquisition of subsidiaries (Note 38)	–	(3.3)	(3.3)	–	(3.3)
Current service cost	–	(28.7)	(28.7)	–	(28.7)
Interest income/(expense)	3.4	(28.6)	(25.2)	–	(25.2)
Past service cost and gains on settlement	–	(12.3)	(12.3)	–	(12.3)
	3.4	(69.6)	(66.2)	–	(66.2)
Remeasurements					
– return on plan assets, excluding amounts included in interest expense	(2.5)	–	(2.5)	–	(2.5)
– change in demographic assumptions	–	0.2	0.2	–	0.2
– change in financial assumptions	–	0.4	0.4	–	0.4
– experience losses	–	(13.8)	(13.8)	–	(13.8)
– change in asset ceiling, excluding amounts included in interest expense	–	–	–	0.2	0.2
	(2.5)	(13.2)	(15.7)	0.2	(15.5)
Contributions from employers	2.4	–	2.4	–	2.4
Contribution from plan participants	0.5	(0.5)	–	–	–
Benefit payments	(11.5)	33.2	21.7	–	21.7
Balance at 31st December	43.2	(431.5)	(388.3)	(1.1)	(389.4)



## 28 Pension Liabilities (continued)

The weighted average duration of the defined benefit obligation at 31st December 2021 is 16 years (2020: 15 years).

Expected maturity analysis of undiscounted pension benefits at 31st December is as follows:

	2021 US\$m	2020 US\$m
Less than a year	25.7	32.9
Between one and two years	18.8	20.3
Between two and five years	111.6	129.3
Between five and ten years	222.6	275.3
Between ten and fifteen years	330.4	369.8
Between fifteen and twenty years	626.1	613.6
Beyond twenty years	2,628.7	3,076.3
	3,963.9	4,517.5

The principal actuarial assumptions used for accounting purposes at 31st December are as follows:

	2021 %	2020 %
Discount rate	7	7
Salary growth rate	7	7

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on defined benefit obligation			
	Change in assumption	Increase in assumption US\$m	Decrease in assumption US\$m
Discount rate	1%	(54.7)	70.4
Salary growth rate	1%	74.9	(60.7)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the balance sheet.

## Notes to The Financial Statements (continued)

For the year ended 31st December 2021

### 28 Pension Liabilities (continued)

The analysis of the fair value of plan assets at 31st December is as follows:

	2021 US\$m	2020 US\$m
Quoted investments:		
Equity instruments – Asia Pacific	14.5	14.2
Debt instruments – Asia Pacific		
– government	13.1	14.7
– corporate bonds (investment grade)	10.3	11.5
Total investments	37.9	40.4
Cash and cash equivalents	1.7	2.8
	39.6	43.2

Through its defined benefit pension plans, the Group is expected to be exposed to a number of risks such as asset volatility and changes in bond yields, which are detailed below:

#### *Asset volatility*

The plan liabilities are calculated using a discount rate set with reference to government bond yields; if plan assets underperform this yield, this will create a deficit. The Group's defined benefit plans hold a significant proportion of equities, which are expected to outperform government and corporate bonds in the long-term while providing volatility and risk in the short-term.

#### *Changes in bond yields*

A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

The Group ensures that the investment positions are managed within an asset-liability matching ("ALM") framework that is developed to achieve long-term returns that are in line with the obligations under the pension schemes. Within this ALM framework, the Group's objective is to match assets to the pension obligations by investing in a well-diversified portfolio that generates sufficient risk-adjusted returns that match the benefit payments. The Group also actively monitors the duration and the expected yield of the investments to ensure it matches the expected cash outflows arising from the pension obligations.

Investments across the plans are well-diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

The Group maintains an active and regular contribution schedule across all the plans. The contributions to all its plans in 2021 were US\$7.9 million and the estimated amount of contributions expected to be paid to the plans in 2022 is US\$4.7 million.

## 29 Share Capital Of The Company

	2021 US\$m	2020 US\$m
Issued and fully paid:		
Balance at 1st January and 31st December		
– 395,236,288 (2020: 395,236,288) ordinary shares	<b>1,381.0</b>	1,381.0

There is no par value for the ordinary shares. The Company did not hold any treasury shares as at 31st December 2021 and 2020.

## 30 Revenue Reserve

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Movements:				
Balance at 1st January	<b>6,937.7</b>	6,720.0	<b>471.7</b>	683.6
Defined benefit pension plans				
– remeasurements	<b>(2.5)</b>	(5.6)	–	–
– deferred tax	<b>0.7</b>	0.5	–	–
Share of associates' and joint ventures' remeasurements of defined benefit pension plans, net of tax	<b>(2.5)</b>	(5.8)	–	–
Profit attributable to shareholders	<b>660.6</b>	540.3	<b>207.1</b>	99.3
Dividends paid by the Company (Note 8)	<b>(204.7)</b>	(311.2)	<b>(204.7)</b>	(311.2)
Change in shareholding	<b>(14.9)</b>	(0.8)	–	–
Other	<b>(0.1)</b>	0.3	–	–
Balance at 31st December	<b>7,374.3</b>	6,937.7	<b>474.1</b>	471.7

The Group's revenue reserve includes actuarial loss on defined benefit pension plans of US\$46.7 million (2020: US\$51.0 million).

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 31 Other Reserves

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
<u>Composition:</u>				
Asset revaluation reserve	404.7	403.4	–	–
Translation reserve	(1,774.6)	(1,683.7)	326.2	375.9
Fair value reserve	16.5	18.5	–	–
Hedging reserve	(37.0)	(86.1)	–	–
Other reserve	3.3	3.3	–	–
Balance at 31st December	(1,387.1)	(1,344.6)	326.2	375.9
<u>Movements:</u>				
<i>Asset revaluation reserve</i>				
Balance at 1st January	403.4	403.4	–	–
Surplus on revaluation of assets	1.3	–	–	–
Balance at 31st December	404.7	403.4	–	–
<i>Translation reserve</i>				
Balance at 1st January	(1,683.7)	(1,611.0)	375.9	338.0
Translation difference	(90.9)	(72.7)	(49.7)	37.9
Balance at 31st December	(1,774.6)	(1,683.7)	326.2	375.9
<i>Fair value reserve</i>				
Balance at 1st January	18.5	12.2	–	–
Financial assets at FVOCI				
– fair value changes	(1.0)	9.2	–	–
– deferred tax	0.2	(0.1)	–	–
– transfer to profit and loss	(1.2)	1.1	–	–
Share of associates' and joint ventures' fair value changes of financial assets at FVOCI, net of tax	–	(2.3)	–	–
Other	–	(1.6)	–	–
Balance at 31st December	16.5	18.5	–	–
<i>Hedging reserve</i>				
Balance at 1st January	(86.1)	(48.8)	–	–
Cash flow hedges				
– fair value changes	40.4	(25.1)	–	–
– deferred tax	(8.1)	3.5	–	–
– transfer to profit and loss	–	1.4	–	–
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	16.8	(17.1)	–	–
Balance at 31st December	(37.0)	(86.1)	–	–
<i>Other reserve</i>				
Balance at 1st January and 31st December	3.3	3.3	–	–

## 32 Non-Controlling Interests

	Group	
	2021 US\$m	2020 US\$m
Balance at 1st January	8,332.5	8,124.4
Asset revaluation surplus		
– surplus on revaluation of assets	2.0	1.1
Financial assets at FVOCI		
– fair value changes	(1.1)	9.9
– deferred tax	0.3	(0.1)
– transfer to profit and loss	(1.3)	0.8
	(2.1)	10.6
Share of associates' and joint ventures' fair value changes of financial assets at FVOCI, net of tax	–	(2.2)
Cash flow hedges		
– fair value changes	55.1	(20.8)
– deferred tax	(11.0)	1.5
– transfer to profit and loss	–	1.4
	44.1	(17.9)
Share of associates' and joint ventures' fair value changes of cash flow hedges, net of tax	33.1	(35.2)
Defined benefit pension plans		
– remeasurements	(6.3)	(9.9)
– deferred tax	2.0	0.8
	(4.3)	(9.1)
Share of associates' and joint ventures' remeasurements of defined benefit pension plans, net of tax	(2.7)	(5.4)
Translation difference	(62.1)	(88.0)
Profit for the year	1,057.7	705.3
Issue of shares to non-controlling interests	36.5	38.9
Dividends paid	(313.8)	(390.6)
Change in shareholding	(92.5)	0.8
Other	(1.3)	(0.2)
Balance at 31st December	9,027.1	8,332.5

## Notes to The Financial Statements (continued)

For the year ended 31st December 2021

### 32 Non-Controlling Interests (continued)

Set out below is the summarised financial information for the Group's subsidiary, Astra, that has non-controlling interests that are material to the Group.

Summarised balance sheet at 31st December:

	2021 US\$m	2020 US\$m
Current		
Assets	11,484.0	9,648.1
Liabilities	(7,251.0)	(6,056.7)
Total current net assets	4,233.0	3,591.4
Non-current		
Assets	14,225.4	14,346.2
Liabilities	(3,413.4)	(4,101.2)
Total non-current net assets	10,812.0	10,245.0
Net assets	15,045.0	13,836.4
Non-controlling interests	3,045.1	2,817.8

Summarised statement of comprehensive income for the year ended 31st December:

	2021 US\$m	2020 US\$m
Revenue	16,285.5	11,964.8
Profit after tax	1,738.6	1,176.6
Other comprehensive income	111.9	(102.5)
Total comprehensive income	1,850.5	1,074.1
Total comprehensive income allocated to non-controlling interests	397.2	133.8
Dividends paid to non-controlling interests	(124.0)	(134.8)

Summarised cash flows for the year ended 31st December:

	2021 US\$m	2020 US\$m
Cash generated from operations	2,970.9	2,868.5
Net interest and other financing costs paid	(18.6)	(147.2)
Income taxes paid	(343.1)	(321.2)
Dividend from associates	316.6	248.4
Net cash flows from operating activities	2,925.8	2,648.5
Net cash flows from investing activities	(660.5)	605.2
Net cash flows from financing activities	(1,139.6)	(1,703.7)
Net change in cash and cash equivalents	1,125.7	1,550.0
Cash and cash equivalents at 1st January	3,371.3	1,749.8
Effect of exchange rate changes	(15.4)	71.5
Cash and cash equivalents at 31st December	4,481.6	3,371.3

The information above is the amount before inter-company eliminations.

### 33 Related Party Transactions

In addition to the related party information shown elsewhere in the financial statements, the following significant related party transactions took place during the financial year:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
<b>(a) With associates and joint ventures:</b>				
Purchase of goods and services	(4,934.5)	(3,072.8)	–	–
Sale of goods and services	1,434.5	844.1	–	–
Commission and incentives earned	6.0	19.7	–	–
Dividend income	–	–	28.5	31.2
Interest received	18.0	25.2	–	–
<b>(b) With related companies and associates of ultimate holding company:</b>				
Management fees paid	(6.4)	(7.1)	(5.5)	(5.3)
Purchase of goods and services	(3.2)	(3.1)	(0.1)	(0.1)
Sale of goods and services	2.2	1.4	0.3	0.3
<b>(c) Remuneration of directors of the Company and key management personnel of the Group:</b>				
Salaries and other short-term employee benefits	(11.2)	(9.1)	(9.0)	(7.2)

### 34 Commitments

#### (a) Capital commitments

Capital expenditure authorised for at the balance sheet date, but not recognised in the financial statements is as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Authorised and contracted	106.3	85.0	–	–
Authorised but not contracted	282.0	249.0	–	–
	388.3	334.0	–	–



# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 34 Commitments (continued)

### (b) Operating lease commitments

The Group leases various property, plant and machinery under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments and receivables under non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities or receivables, are as follows:

	Group		Company	
	2021 US\$m	2020 US\$m	2021 US\$m	2020 US\$m
Lease rentals payable for short-term and low-value leases:				
– within one year	1.3	1.6	0.2	0.1
– between one and two years	0.1	–	0.1	–
	1.4	1.6	0.3	0.1
Lease rentals receivable:				
– within one year	99.8	87.6	–	–
– between one and two years	59.3	48.5	–	–
– between two and three years	26.1	23.4	–	–
– between three and four years	10.1	10.1	–	–
– between four and five years	4.4	5.3	–	–
– beyond five years	2.3	7.9	–	–
	202.0	182.8	–	–

## 35 Derivative Financial Instruments

At 31st December, the fair values of the Group's derivative financial instruments were:

	Group	
	Assets US\$m	Liabilities US\$m
<b>2021</b>		
Designated as cash flow hedges		
– cross-currency swap contracts	15.5	50.7
– interest rate swap contracts	0.1	4.2
– commodity zero collar	0.1	–
	15.7	54.9
Not qualifying as hedges		
– forward foreign exchange contracts	0.6	0.1

### 35 Derivative Financial Instruments (continued)

	Group	
	Assets US\$m	Liabilities US\$m
<b>2020</b>		
Designated as cash flow hedges		
– cross-currency swap contracts	8.8	118.4
– interest rate swap contracts	–	11.9
– forward commodity contracts	–	33.1
– commodity options	0.5	–
– commodity zero collar	–	5.3
	9.3	168.7
Not qualifying as hedges		
– forward foreign exchange contracts	1.6	0.1

**(a) Forward foreign exchange contracts**

The contract amounts of the outstanding forward foreign exchange contracts at 31st December 2021 were US\$129.0 million (2020: US\$156.7 million).

**(b) Interest rate swap contracts**

The notional principal amounts of the outstanding interest rate swap contracts at 31st December 2021 were US\$263.2 million (2020: US\$325.0 million). At 31st December 2021, the fixed interest rates range from 1.17% to 2.67% per annum (2020: 2.18% to 2.67% per annum).

Included in the outstanding amount, US\$88.2 million is directly impacted by the IBOR reform. These have carrying values of US\$0.1 million and US\$1.9 million included in debtors and creditors, respectively, at 31st December 2021.

**(c) Cross-currency swap contracts**

The contract amounts of the outstanding cross-currency swap contracts at 31st December 2021 were US\$2,052.4 million (2020: US\$2,599.0 million).

Included in the outstanding amount, US\$942.5 million is directly impacted by the IBOR reform. These have carrying values of US\$5.4 million and US\$30.0 million included in debtors and creditors, respectively, at 31st December 2021.

**(d) Forward commodity options**

There were no outstanding forward commodity options as at 31st December 2021 (2020: US\$152.0 million).

**(e) Commodity options**

The contract amounts of the outstanding commodity options at 31st December 2021 were US\$82.0 million (2020: US\$72.2 million).

**(f) Commodity zero collar**

The contract amounts of the outstanding commodity zero collar at 31st December 2021 were US\$37.4 million (2020: US\$286.2 million).

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 36 Insurance Contracts

	Group	
	2021 US\$m	2020 US\$m
Gross estimated claims (Note 23)	251.9	230.2
Claims payable	10.9	8.9
Unearned premiums (Note 23)	289.4	292.6
	552.2	531.7
Less: Reinsurers' share of estimated claims (Note 21)	(77.8)	(81.9)
Total insurance liabilities	474.4	449.8
The gross estimated claims and unearned premiums are analysed as follows:		
Non-current	52.0	53.9
Current	500.2	477.8
	552.2	531.7

Claims payable are included in trade creditors. The amount and timing of claim payments are typically resolved within one year.

### Movements in insurance liabilities and reinsurance assets

#### (a) Claims and loss adjustment expenses

	2021 US\$m	2020 US\$m
Balance at 1st January	157.2	104.9
Cash paid for claims settled in the period	(152.9)	(132.3)
Increase in liabilities		
– arising from current period claims	166.6	163.5
– arising from prior period claims	15.8	20.6
Translation adjustments	(1.7)	0.5
Total at 31st December	185.0	157.2
Notified claims	165.9	135.8
Incurred, but not reported	19.1	21.4
Total at 31st December	185.0	157.2

### 36 Insurance Contracts (continued)

#### Movements in insurance liabilities and reinsurance assets (continued)

##### (b) Unearned premium provision

	2021 US\$m	2020 US\$m
Balance at 1st January	292.6	334.9
Increase/(decrease)	0.2	(36.1)
Translation adjustments	(3.4)	(6.2)
Total at 31st December	289.4	292.6

The risk under an insurance contract is the possibility that the insured event may occur and the resulting loss may vary in severity. Although it is possible for the actual loss to exceed the carrying amount of insurance liabilities, the extent of liabilities of the risk carrier is confined to the sum insured or the limit specified under the contract.

The Group manages its insurance risks through its underwriting guidelines, which are approved by an appropriate level of management regularly. The Group also has adequate reinsurance arrangements and proactive claims handling.

The concentration of insurance risks after reinsurance with reference to the carrying amount of the insurance liabilities is in four classes of business namely motor vehicles, heavy equipment, fire and fire major risks and marine cargo.

The insurance business is not a significant activity of the Group.

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 37 Cash Flows From Operating Activities

	Group	
	2021 US\$m	2020 US\$m
Profit before tax	2,233.6	1,480.4
<b>Adjustments for:</b>		
Financing income	(126.1)	(121.6)
Financing charges	178.4	258.6
Share of associates' and joint ventures' results after tax	(590.6)	(100.2)
Amortisation/depreciation of		
– intangible assets	151.8	126.7
– right-of-use assets	149.7	189.7
– property, plant and equipment	735.0	763.0
– bearer plants	27.3	26.7
Impairment of		
– intangible assets	13.9	33.9
– right-of-use assets	2.0	–
– property, plant and equipment	37.7	9.4
– debtors	217.4	361.4
Fair value (gain)/loss on		
– investment properties	3.1	(3.2)
– investments	130.9	(113.4)
– agricultural produce	(3.5)	(5.8)
– livestock	–	3.4
– derivative not qualifying as hedge	–	2.4
(Profit)/loss on disposal of:		
– intangible assets	1.0	1.3
– right-of-use assets	0.4	–
– property, plant and equipment	(20.1)	(22.2)
– associates and joint ventures	–	(428.5)
– investments	(2.5)	(1.7)
Loss on disposal/write-down of receivables from collateral vehicles	65.2	80.8
Amortisation of borrowing costs for financial services companies	8.4	9.5
(Reversal of write-down)/write-down of stocks	(2.6)	14.3
(Gain)/loss on modifications to lease term	(0.4)	4.4
Changes in provisions	4.3	37.2
Foreign exchange (gain)/loss	21.8	(22.6)
	1,002.5	1,103.5
<b>Operating profit before working capital changes</b>	<b>3,236.1</b>	<b>2,583.9</b>
<b>Changes in working capital</b>		
Properties for sale	10.9	2.6
Stocks	(319.8)	447.9
Concession rights	(15.6)	(9.8)
Financing debtors	(381.3)	135.2
Debtors	(416.9)	910.8
Creditors	979.9	(1,110.5)
Pensions	2.7	42.0
	(140.1)	418.2
<b>Cash flows from operating activities</b>	<b>3,096.0</b>	<b>3,002.1</b>

### 38 Notes To Consolidated Statement Of Cash Flows

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet amounts:

	Group	
	2021 US\$m	2020 US\$m
Bank balances and other liquid funds (Note 22)	4,588.8	3,497.6
Less: Bank overdraft (Note 26)	–	–
Cash and cash equivalent per consolidated statement of cash flows	4,588.8	3,497.6

#### (a) Purchase of subsidiaries

There were no subsidiaries acquired during the year.

The acquisitions in 2020 mainly comprised net cash outflow of US\$44.3 million for a 100% interest in PT Jakarta Marga Jaya, a toll road company and US\$7.3 million for a further 49.99% interest in PT Astra Aviva Life (subsequently renamed PT Asuransi Jiwa Astra), which brought the Group's ownership to 99.99%.

The fair values of the identifiable assets and liabilities at the acquisition dates of the subsidiaries acquired during 2020 as included in the comparative figures were provisional. The fair values were finalised in 2021. As the difference between the provisional and the finalised fair values were not material, the comparative figures have not been adjusted.

	2020 Fair value US\$m
Intangible assets (Note 10)	31.6
Right-of-use assets (Note 11)	2.0
Property, plant and equipment (Note 12)	3.6
Debtors	313.4
Associates (Note 16)	44.3
Investments (Note 17)	26.1
Deferred tax assets (Note 27)	1.0
Bank balances and other liquid funds	88.5
Lease liabilities (Note 25)	(1.0)
Deferred tax liabilities (Note 27)	(4.8)
Pension liabilities (Note 28)	(3.3)
Creditors	(379.1)
Net assets	122.3
Adjustment for non-controlling interests	–
Goodwill	56.6
Total consideration	178.9
Transfer of carrying value of associates and joint ventures	(38.6)
Cash paid for business combination	140.3
Cash and cash equivalents of subsidiaries acquired	(88.5)
Net cash flow from business combination	51.8

# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 38 Notes To Consolidated Statement Of Cash Flows (continued)

### (b) Purchase of shares in associates and joint ventures

Purchase of shares in associates and joint ventures in 2021 mainly included US\$66.0 million for Astra's investment in toll road operators in Indonesia and US\$9.5 million for additional purchase of shares in Refrigeration Electrical Engineering Corporation.

Purchase of shares in associates and joint ventures in 2020 mainly included US\$24.0 million as payment for deferred consideration in PT Jasamarga Surabaya Mojokerto, a toll road operator in Indonesia, US\$1.2 million and US\$4.4 million for additional purchase of shares in Truong Hai Group Corporation and Refrigeration Electrical Engineering Corporation, respectively.

### (c) Sale of associates and joint ventures

There were no associates and joint ventures disposed during the year.

Sale of associates and joint ventures in 2020 mainly included US\$1,135.8 million received from the sale of Astra's 44.6% interest in Bank Permata.

### (d) Changes in controlling interests of subsidiaries

Change in controlling interests of subsidiaries in 2021 mainly included an outflow of US\$69.7 million for Astra's acquisition of additional interest in PT Astra Modern Land, US\$17.5 million and US\$18.8 million for acquisition of additional interests in Cycle and Carriage Bintang Berhad and Republic Auto Pte Ltd, respectively.

There were no changes in controlling interests of subsidiaries in 2020.

### (e) Cash outflows for leases

	2021 US\$m	2020 US\$m
Lease rentals paid	(175.2)	(200.8)
Additions to right-of-use assets	(13.3)	(18.1)
	(188.5)	(218.9)
The above cash outflows are included in		
– operating activities	(71.2)	(67.0)
– investing activities	(13.3)	(18.1)
– financing activities	(104.0)	(133.8)
	(188.5)	(218.9)

### 39 Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board for the purpose of resource allocation and performance assessment. The Board considers Astra as one operating segment because it represents a single direct investment made by the Company. Decisions for resource allocation and performance assessment of Astra are made by the Board of the Company while resource allocation and performance assessment of the various Astra businesses are made by the board of Astra, taking into consideration the opinions of the Board of the Company. Direct Motor Interests are aggregated into one reportable segment based on the similar automotive nature of their products and services, while Other Strategic Interests, comprising the Group's strategic investment portfolio, are aggregated into another reportable segment based on their exposure to market-leading companies in key regional economies. Set out below is an analysis of the segment information.

	Underlying business performance					Group US\$m
	Astra US\$m	Direct Motor Interests US\$m	Other Strategic Interests US\$m	Corporate costs US\$m	Non- trading items US\$m	
<b>2021</b>						
Revenue	16,285.5	1,402.5	–	–	–	17,688.0
Net operating costs	(14,496.1)	(1,358.1)	38.9	(41.1)	(136.3)	(15,992.7)
Operating profit	1,789.4	44.4	38.9	(41.1)	(136.3)	1,695.3
Financing income	125.8	0.2	–	0.1	–	126.1
Financing charges	(159.5)	(1.9)	–	(17.0)	–	(178.4)
Net financing charges	(33.7)	(1.7)	–	(16.9)	–	(52.3)
Share of associates' and joint ventures' results after tax	452.9	11.8	115.6	–	10.3	590.6
Profit before tax	2,208.6	54.5	154.5	(58.0)	(126.0)	2,233.6
Tax	(498.4)	(11.4)	(3.0)	(1.2)	(1.3)	(515.3)
Profit after tax	1,710.2	43.1	151.5	(59.2)	(127.3)	1,718.3
Non-controlling interests	(1,055.4)	(4.3)	–	–	2.0	(1,057.7)
Profit attributable to shareholders	654.8	38.8	151.5	(59.2)	(125.3)	660.6
Net cash/(debt) (excluding net debt of financial services companies)	2,233.1	34.5	–	(1,497.3)		770.3
Total equity	15,160.6	281.0	1,442.3	(488.6)		16,395.3



# Notes to The Financial Statements (continued)

For the year ended 31st December 2021

## 39 Segment Information (continued)

	Underlying business performance				Non-trading items US\$m	Group US\$m
	Astra US\$m	Direct Motor Interests US\$m	Other Strategic Interests US\$m	Corporate costs US\$m		
<b>2020</b>						
Revenue	11,964.8	1,269.4	–	–	–	13,234.2
Net operating costs	(11,041.8)	(1,241.3)	36.7	8.8	520.6	(11,717.0)
Operating profit	923.0	28.1	36.7	8.8	520.6	1,517.2
Financing income	121.2	0.3	–	0.1	–	121.6
Financing charges	(233.6)	(3.1)	–	(21.9)	–	(258.6)
Net financing charges	(112.4)	(2.8)	–	(21.8)	–	(137.0)
Share of associates' and joint ventures' results after tax	202.8	(2.3)	86.4	–	(186.7)	100.2
Profit before tax	1,013.4	23.0	123.1	(13.0)	333.9	1,480.4
Tax	(220.1)	(7.1)	(3.0)	(1.1)	(3.5)	(234.8)
Profit after tax	793.3	15.9	120.1	(14.1)	330.4	1,245.6
Non-controlling interests	(483.9)	(2.2)	–	–	(219.2)	(705.3)
Profit attributable to shareholders	309.4	13.7	120.1	(14.1)	111.2	540.3
Net cash/(debt) (excluding net debt of financial services companies)	626.4	39.1	–	(1,519.0)		(853.5)
Total equity	13,953.3	282.7	1,366.6	(296.0)		15,306.6

Segment assets and liabilities are not disclosed as these are not regularly provided to the Board of the Company.

Set out below are analyses of the Group's revenue and non-current assets, by geographical areas:

	Indonesia US\$m	Other US\$m	Total US\$m
<b>2021</b>			
Revenue	<b>16,285.5</b>	<b>1,402.5</b>	<b>17,688.0</b>
Non-current assets	<b>10,204.7</b>	<b>1,605.9</b>	<b>11,810.6</b>
<b>2020</b>			
Revenue	11,964.8	1,269.4	13,234.2
Non-current assets	10,414.8	1,539.2	11,954.0

Non-current assets excluded financial instruments and deferred tax assets. Indonesia is disclosed separately as a geographical area as most of the customers are based in Indonesia.

#### 40 Immediate And Ultimate Holding Companies

The Company's immediate holding company is Jardine Strategic Singapore Pte Ltd, incorporated in Singapore and its ultimate holding company is Jardine Matheson Holdings Limited, incorporated in Bermuda.

#### 41 Reclassification Of Accounts

Certain comparative amounts have been reclassified for consistency with the presentation of the 2021 consolidated financial statements.

#### 42 Principal Subsidiaries, Associates And Joint Ventures

The details of principal subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2021 %	2020 %
Singapore				
• Cycle & Carriage Industries Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Automotive Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Kia Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage France Pte Ltd	Distribution and retail of vehicles and provision of after-sales services	Singapore	100.0	100.0
• Cycle & Carriage Leasing Pte Ltd	Renting and leasing of private cars without operator	Singapore	100.0	100.0
• Diplomat Parts Pte Ltd	Investment holding and sale of vehicle parts	Singapore	100.0	100.0
• Republic Auto Pte Ltd	Retail of vehicles and provision of after-sales services	Singapore	95.0	70.0
• Platinum Victory Pte Ltd	Investment holding	Singapore	100.0	100.0
Malaysia				
♦ Cycle & Carriage Bintang Berhad (Quoted on Bursa Malaysia)	Retail of vehicles and provision of after-sales services	Malaysia	89.0	59.1

## Notes to The Financial Statements (continued)

For the year ended 31st December 2021

### 42 Principal Subsidiaries, Associates And Joint Ventures (continued)

The details of principal subsidiaries are as follows: (continued)

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2021 %	2020 %
Indonesia				
♦ PT Astra International Tbk (Quoted on the Indonesia Stock Exchange)	Investment holding and retail of vehicles and motorcycles	Indonesia	50.1	50.1
♦ PT United Tractors Tbk (Quoted on the Indonesia Stock Exchange)#	Distribution of heavy equipment	Indonesia	29.8	29.8
♦ PT Pamapersada Nusantara<	Coal mining contractor	Indonesia	29.8	29.8
♦ PT Acset Indonusa Tbk (Quoted on the Indonesia Stock Exchange)<	Construction services	Indonesia	24.5	19.3
♦ PT Astra Otoparts Tbk (Quoted on the Indonesia Stock Exchange)#	Manufacturing and distribution of automotive components	Indonesia	40.1	40.1
♦ PT Astra Agro Lestari Tbk (Quoted on the Indonesia Stock Exchange)#	Operation of oil palm plantations	Indonesia	39.9	39.9
♦ PT Federal International Finance#	Consumer finance for motorcycles	Indonesia	50.1	50.1
♦ PT Astra Sedaya Finance#	Consumer finance for vehicles	Indonesia	50.1	50.1
♦ PT Astra Graphia Tbk (Quoted on the Indonesia Stock Exchange)#	Provision of document, information and communication technology solutions	Indonesia	38.5	38.5

The details of principal associates and joint ventures are as follows:

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2021 %	2020 %
Indonesia				
♦ PT Toyota-Astra Motor	Distribution of Toyota vehicles	Indonesia	25.1	25.1
♦ PT Astra Daihatsu Motor	Manufacturing, assembly and distribution of Daihatsu vehicles	Indonesia	16.0	16.0
♦ PT Astra Honda Motor	Manufacturing, assembly, and distribution of Honda motorcycles	Indonesia	25.1	25.1
♦ PT Tunas Ridean Tbk (Quoted on the Indonesia Stock Exchange)	Retail of vehicles and motorcycles, leasing of vehicles and provision of consumer finance services	Indonesia	46.2	46.2

## 42 Principal Subsidiaries, Associates And Joint Ventures (continued)

The details of principal associates and joint ventures are as follows: (continued)

Name of company	Principal activities	Country of incorporation/ place of business	Group's effective interest in equity	
			2021 %	2020 %
Vietnam				
@ Truong Hai Group Corporation	Assembly, distribution and retail of vehicles, logistics, property development and agriculture	Vietnam	26.6	26.6
@ Refrigeration Electrical Engineering Corporation (Quoted on Ho Chi Minh Stock Exchange)	Mechanical and electrical engineering, real estate, and strategic investments in infrastructure	Vietnam	31.0	29.8
Myanmar				
✓ Cycle & Carriage Automobile Myanmar Company Limited*	Provision of after-sales services	Myanmar	60.0	60.0
✓ Cycle & Carriage Automobile Alliance Company Limited*	Retail of vehicles and provision of after-sales services	Myanmar	60.0	60.0
Thailand				
^ Siam City Cement Public Company Limited (Quoted on Stock Exchange of Thailand)	Manufacturing of cement, concrete and other building materials	Thailand	25.5	25.5

• Audited by PricewaterhouseCoopers LLP, Singapore.

♦ Audited by KAP Tanudiredja, Wibisana, Rintis & Rekan in Indonesia and PricewaterhouseCoopers, Malaysia, members of the worldwide PricewaterhouseCoopers organisation.

@ Audited by EY Vietnam, a member of the worldwide EY organisation.

✓ Audited by Win Thin & Associates in Myanmar.

^ Audited by EY Thailand, a member of the worldwide EY organisation.

# Direct interest more than 50% held by a subsidiary of the Group.

< Indirect subsidiary through PT United Tractors Tbk with direct ownership more than 50%.

\* Not consolidated as the entity is not controlled by the Group and is deemed to be a joint venture as the Group shares control of the entity.

# Three-Year Summary

	2021 US\$m	2020 US\$m	2019 US\$m	2021 S\$m	2020 S\$m	2019 S\$m
<b>Profit and Loss</b>						
Revenue	<b>17,688.0</b>	13,234.2	18,591.1	<b>23,760.7</b>	18,224.9	25,349.4
Underlying profit attributable to shareholders	<b>785.9</b>	429.1	863.1	<b>1,055.7</b>	590.9	1,176.9
Non-trading items	<b>(125.3)</b>	111.2	18.3	<b>(168.3)</b>	153.1	25.0
Profit attributable to shareholders	<b>660.6</b>	540.3	881.4	<b>887.4</b>	744.0	1,201.9
Underlying earnings per share (US¢/S¢)	<b>199</b>	109	218	<b>268</b>	150	298
Earnings per share (US¢/S¢)	<b>167</b>	137	223	<b>225</b>	188	304
Dividend per share (US¢/S¢)	<b>80</b>	43	87	<b>107</b>	59	119
<b>Balance Sheet</b>						
Total assets	<b>29,053.7</b>	27,512.2	29,072.4	<b>39,271.9</b>	36,360.1	39,169.2
Total liabilities	<b>(12,658.4)</b>	(12,205.6)	(14,087.9)	<b>(17,110.4)</b>	(16,130.9)	(18,980.6)
Total equity	<b>16,395.3</b>	15,306.6	14,984.5	<b>22,161.5</b>	20,229.2	20,188.6
Shareholders' funds	<b>7,368.2</b>	6,974.1	6,860.1	<b>9,959.6</b>	9,217.0	9,242.6
Net cash/(debt) (excluding net debt of financial services companies)	<b>770.3</b>	(853.5)	(3,048.2)	<b>1,041.2</b>	(1,128.0)	(4,106.8)
Net asset value per share (US\$/S\$)	<b>18.64</b>	17.65	17.36	<b>25.20</b>	23.32	23.39
Net tangible asset per share (US\$/S\$)	<b>16.48</b>	15.44	14.67	<b>22.27</b>	20.40	19.77
<b>Cash Flow</b>						
Cash flows from operating activities	<b>3,028.3</b>	2,754.4	1,712.3	<b>4,068.0</b>	3,793.1	2,334.8
Cash flows from investing activities	<b>(688.5)</b>	585.3	(1,648.6)	<b>(924.9)</b>	806.0	(2,247.9)
Net cash flows before financing activities	<b>2,339.8</b>	3,339.7	63.7	<b>3,143.1</b>	4,599.1	86.9
Cash flow per share from operating activities (US\$/S\$)	<b>7.66</b>	6.97	4.33	<b>10.29</b>	9.60	5.91
<b>Key Ratios</b>						
Gearing including financial services companies	<b>12%</b>	24%	42%	<b>12%</b>	24%	42%
Gearing excluding financial services companies	<b>nm</b>	6%	20%	<b>nm</b>	6%	20%
Dividend cover (times)	<b>2.5</b>	2.5	2.5	<b>2.5</b>	2.5	2.5
Dividend payout	<b>40%</b>	40%	40%	<b>40%</b>	40%	40%
Return on shareholders' funds	<b>11%</b>	6%	13%	<b>11%</b>	6%	13%
Return on total equity	<b>12%</b>	6%	14%	<b>12%</b>	6%	14%

nm: not measurable

Notes:

1. The exchange rate of US\$1=S\$1.3517 (2020: US\$1=S\$1.3216, 2019: US\$1=S\$1.3473) was used for translating assets and liabilities at the balance sheet date and US\$1=S\$1.3433 (2020: US\$1=S\$1.3771, 2019: US\$1=S\$1.3635) was used for translating the results for the year.
2. Net tangible assets as at 31.12.21 were US\$6,512.2 million (2020: US\$6,101.1 million, 2019: US\$5,799.2 million) and were computed after deducting intangibles from shareholders' funds.
3. Gearing is computed based on net borrowings divided by total equity.
4. Dividend cover is based on underlying profit attributable to shareholders divided by dividend declared and dividend proposed for the financial year.
5. Dividend payout is based on dividend declared and dividend proposed for the financial year divided by underlying profit attributable to shareholders.
6. Return on shareholders' funds is computed based on underlying profit attributable to shareholders, divided by average shareholders' funds.
7. Return on total equity is computed based on underlying profit after tax, divided by average total equity.

# Investment Properties

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Address	Title	Land Area sq ft	Description
<b>Indonesia</b>			
Jalan Jendral Sudirman Kav. 5, Jakarta	Leasehold (expiring in October 2033)	85,356	Commercial property
Jalan Gaya Motor II No. 3 Jakarta	Leasehold (expiring in December 2032)	237,446	Vehicle storage yard
Kawasan Industri Blok 2100 Plot B8,9 Cibitung	Leasehold (expiring in November 2033)	851,620	Vehicle storage yard

# Shareholding Statistics

As at 3rd March 2022

## Share Capital

Issued and fully paid-up capital : S\$2,109,793,690.61 comprising 395,236,288 shares

Class of shares : Ordinary shares, each with equal voting rights

Treasury share : Nil

## Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	% of Issued Share Capital
1	JARDINE STRATEGIC SINGAPORE PTE LTD	296,427,311	75.00
2	CITIBANK NOMINEES PTE LTD	18,917,686	4.79
3	RAFFLES NOMINEES (PTE) LIMITED	15,096,194	3.82
4	DBSN SERVICES PTE LTD	14,528,864	3.67
5	HSBC (SINGAPORE) NOMINEES PTE LTD	13,509,502	3.42
6	DBS NOMINEES PTE LTD	4,908,007	1.24
7	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,968,199	0.50
8	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	818,900	0.21
9	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	783,263	0.20
10	UOB KAY HIAN PTE LTD	722,759	0.18
11	HONG LEONG FINANCE NOMINEES PTE LTD	677,233	0.17
12	CHUA SWEE ENG	662,900	0.17
13	UNITED OVERSEAS BANK NOMINEES PTE LTD	645,287	0.16
14	FIRST CUSCADEN PRIVATE LIMITED	621,059	0.16
15	ESTATE OF CHUA BOON YEW, DECEASED	605,222	0.15
16	OCBC SECURITIES PRIVATE LTD	580,416	0.15
17	PHILLIP SECURITIES PTE LTD	565,488	0.14
18	SONG MEI CHEAH ANGELA	540,000	0.14
19	KEW ESTATE LIMITED	500,000	0.13
20	OCBC NOMINEES SINGAPORE PTE LTD	404,522	0.10
<b>TOTAL</b>		<b>373,482,812</b>	<b>94.50</b>

As at 3rd March 2022, approximately 25% of the Company's ordinary shares (excluding treasury shares) listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been compiled with.

There were no subsidiary holdings (as defined in the Listing Manual of the SGX-ST) as at 3rd March 2022.

## Substantial Shareholders

	No. of Shares	%
Jardine Matheson Holdings Limited	296,427,311	75.00

### Notes:

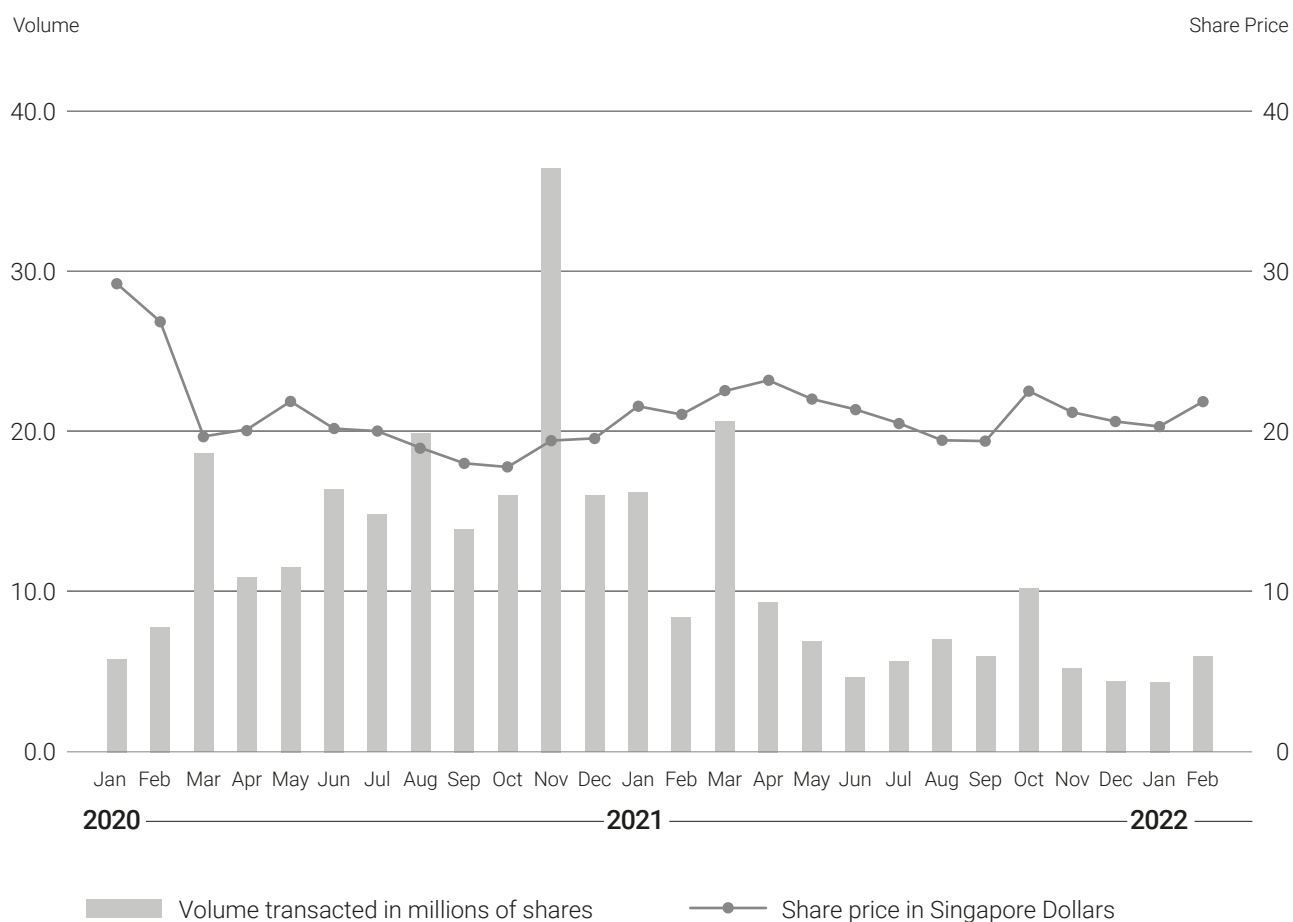
Jardine Matheson Holdings Limited ("JMHL") is interested in 296,427,311 shares through its wholly-owned subsidiary, JMH Investments Limited ("JMHI"). JMHI is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Limited ("JSL"). JSL is in turn interested in the said shares through its wholly-owned subsidiary, JSH Asian Holdings Limited ("J AHL"). J AHL is in turn interested in the said shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd.

## Breakdown of shareholdings by range

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 – 99	486	6.45	11,226	0.00
100 – 1,000	4,038	53.56	2,203,009	0.56
1,001 – 10,000	2,672	35.44	8,464,518	2.14
10,001 – 1,000,000	336	4.46	19,201,772	4.86
1,000,001 and above	7	0.09	365,355,763	92.44
Total	7,539	100.00	395,236,288	100.00



# Share Price and Volume



	2021	2020
Underlying earnings per share (US¢)	199	109
Earnings per share (US¢)	167	137
Dividend per share (US¢)	80	43
Net asset value per share (US\$)	18.64	17.65

# Appendix

## Additional Information on Directors Seeking Re-Election

(pursuant to Rule 720(6) of the SGX-ST Listing Manual)

Dr Marty Natalegawa, Mr Steven Phan and Mr Benjamin Birks are retiring by rotation at the 53rd Annual General Meeting under article 94 of JC&C's Constitution. Mr Samuel Tsien, being a newly appointed director, is retiring at the 53rd Annual General Meeting as required under article 100 of JC&C's Constitution. All of them are seeking re-election as Directors at the 53rd Annual General Meeting.

The additional information on Dr Marty Natalegawa, Mr Steven Phan, Mr Benjamin Birks and Mr Samuel Tsien as set out in this section is to be read together with their respective profiles on pages 27 to 30, and their shareholding interest in JC&C and its subsidiaries on pages 58 to 59. Their profiles contain the following information:

- Date of appointment and last re-appointment
- Age
- Whether appointment is executive, and if so, the area of responsibility
- Job Title (e.g. Lead Independent Director, Audit Committee Chairman, Audit Committee Member, etc.)
- Professional qualifications
- Working experience and occupation(s) during the past 10 years
- Other Principal Commitments including directorships ("Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018)

	<b>Dr Marty Natalegawa</b> Non-Executive and Independent Director	<b>Mr Steven Phan</b> Non-Executive and Independent Director	<b>Mr Benjamin Birks</b> Group Managing Director	<b>Mr Samuel Tsien</b> Non-Executive and Independent Director
Country of principal residence	Indonesia	Singapore	Singapore	Hong Kong
The Board's comments on this re-appointment	Dr Natalegawa has extensive knowledge and experience in international relations, particularly of Southeast Asia. His insights and advice continue to be valuable to the Board.	Mr Phan is well-versed in financial and risk matters and is an experienced independent director. JC&C continues to benefit from his expertise.	Mr Birks has been the Group Managing Director since 2019 and will continue in this senior management role.	Mr Tsien, being a newly appointed director, is required to stand for re-election under article 100 of JC&C's Constitution.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil	Direct interest: 25,000 JC&C shares	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual has been submitted to the Company	Yes	Yes	Yes	Yes
Declarations (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual:				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

## Appendix (continued)

	<b>Dr Marty Natalegawa</b> Non-Executive and Independent Director	<b>Mr Steven Phan</b> Non-Executive and Independent Director	<b>Mr Benjamin Birks</b> Group Managing Director	<b>Mr Samuel Tsien</b> Non-Executive and Independent Director
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No

	<b>Dr Marty Natalegawa</b> Non-Executive and Independent Director	<b>Mr Steven Phan</b> Non-Executive and Independent Director	<b>Mr Benjamin Birks</b> Group Managing Director	<b>Mr Samuel Tsien</b> Non-Executive and Independent Director
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-				
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,  in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes*	No	No

\* Mr Phan was Ernst & Young's audit partner of Informatics Group in 2004. He had noted some accounting irregularities in the course of the audit, following which there was an investigation. Upon conclusion of the investigation, Mr Phan was not reprimanded nor censured, but did receive a letter of advice from the Public Accountants Oversight Committee of the Accounting and Corporate Regulatory Authority (ACRA). Two senior management of Informatics were eventually prosecuted and Mr Phan was called as a witness for the prosecutor during the trial.

Note: information as at 18th March 2022

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# Financial Calendar

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## Financial Year ended 31st December 2021

### Announcement of Results:

Release of FY2021 Half Year Results	29th July 2021
Release of FY2021 Full Year Results	28th February 2022
Issue of AGM Notice and Annual Report	29th March 2022
Annual General Meeting	27th April 2022
Books closure	31st May 2022 (5.00 pm Singapore time) to 1st June 2022
Payment of final dividend	29th June 2022

## Financial Year ending 31st December 2022

### Proposed Dates for Announcement of Results:

Release of FY2022 Half Year Results	28th July 2022
Release of FY2022 Full Year Results	28th February 2023







**Jardine Cycle & Carriage**

**JARDINE CYCLE & CARRIAGE LIMITED**

**(the “Company”)**

(Co. Reg. No.: 196900092R)

(Incorporated in the Republic of Singapore)

**Directors:**

Benjamin Keswick	Chairman
Benjamin Birks	Group Managing Director
Stephen Gore	Group Finance Director
Anthony Nightingale	Non-Independent Non-Executive Director
Mrs Lim Hwee Hua	Lead Independent Director
Michael Kok	Independent Director
Dr Marty Natalegawa	Independent Director
Steven Phan	Independent Director
Tan Yen Yen	Independent Director
Samuel Tsien	Independent Director

**Registered Office:**

239 Alexandra Road  
Singapore 159930

To: The Shareholders of Jardine Cycle & Carriage Limited  
 (“Shareholders”)

29 March 2022

Dear Sir/Madam

We refer to items 7B and 7C of the Notice of the 53rd Annual General Meeting of the Company (“**53rd AGM**”). Items 7B and 7C are Ordinary Resolutions to be proposed at the 53rd AGM for the renewals of the Company’s share purchase mandate (“**Resolution 7B**”) and the Company’s general mandate for interested person transactions (“**Resolution 7C**”) respectively. The purpose of this letter is to provide Shareholders with information relating to these Resolutions. Allen & Gledhill LLP is the legal adviser to the Company in relation to the proposed renewal of the Company’s share purchase mandate.

**1. RENEWAL OF THE SHARE PURCHASE MANDATE**

- 1.1 **Background.** At the 52nd Annual General Meeting of the Company held on 27 April 2021 (the “**52nd AGM**”), Shareholders had (*inter alia*) approved the renewal of a mandate authorising the Directors to exercise all powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company (“**Shares**”) on the terms of such mandate (the “**Share Purchase Mandate**”). The authority contained in the Share Purchase Mandate was expressed to continue in force until the next Annual General Meeting of the Company and, as such, will be expiring on 27 April 2022, being the date of the forthcoming 53rd AGM. Although the Company has not undertaken any purchases or acquisitions of its Shares pursuant to the authority conferred by the Share Purchase Mandate approved by Shareholders at the 52nd AGM, it is proposed nonetheless that such authority be renewed at the 53rd AGM.
- 1.2 **Rationale and benefit.** The renewal of the Share Purchase Mandate will give the Company the flexibility to undertake purchases or acquisitions of its issued Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company’s share capital structure with a view to enhancing the earnings and/or net asset value per Share.

- 1.3 **Authority and limits.** The authority and limits placed on the Share Purchase Mandate for which renewal is sought are summarised below.

(a) **Maximum number of Shares**

Only issued Shares may be purchased or otherwise acquired by the Company pursuant to the authority conferred by the Share Purchase Mandate.

The total number of issued Shares that may be purchased or acquired must not exceed that number representing 10% of the issued Shares as at the date on which the renewal of the Share Purchase Mandate is approved at the 53rd AGM (the “**Approval Date**”), excluding any Shares that are held as treasury shares or as subsidiary holdings. For this purpose, “subsidiary holdings” means Shares that are held by subsidiaries of the Company in the circumstances referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967 (the “**Companies Act**”). Under the Companies Act and the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Listing Manual**”), treasury shares and subsidiary holdings shall be disregarded for the purposes of computing the 10% limit.

As at 3 March 2022 (the “**Latest Practicable Date**”), the share capital of the Company comprised 395,236,288 issued Shares (all of which are fully paid) and none of which were held as treasury shares or subsidiary holdings. No Shares are reserved for issue by the Company for any particular purpose as at the Latest Practicable Date.

Purely for illustrative purposes, on the basis of 395,236,288 issued Shares as at the Latest Practicable Date, and assuming that (i) no further Shares are issued; (ii) no Shares are purchased or acquired pursuant to the subsisting Share Purchase Mandate; and (iii) none of the Shares are treasury shares or subsidiary holdings, on or prior to the 53rd AGM, then not more than 39,523,628 Shares (representing 10% of the issued Shares as at that date) may be purchased or acquired by the Company pursuant to the renewed Share Purchase Mandate.

(b) **Duration of authority**

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earlier of:

- (i) the date (being a date after the Approval Date) on which the next Annual General Meeting of the Company is held or required by law to be held; or
- (ii) the date (being a date after the Approval Date) on which the authority contained in the Share Purchase Mandate is revoked or varied.

(c) **Manner of purchase**

Purchases or acquisitions of Shares may be made by way of:

- (i) market purchases (“**Market Purchases**”); and/or
- (ii) off-market purchases in accordance with an equal access scheme (“**Off-Market Purchases**”).

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisition of Shares from Shareholders. The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the listing rules of the SGX-ST and the Companies Act as they consider fit in the interests of the Company in connection with or

in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must, however, satisfy all the following conditions:

- (I) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their issued Shares;
- (II) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (III) the terms of all the offers are the same, except that there shall be disregarded:
  - (aa) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
  - (bb) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Additionally, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain, *inter alia*:

- (1) the terms and conditions of the offer;
- (2) the period and procedures for acceptances;
- (3) the reasons for the proposed Share purchases;
- (4) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) or other applicable takeover rules;
- (5) whether the Share purchases, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (6) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) **Maximum purchase price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 120% of the Highest Last Dealt Price,

(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

**“Average Closing Price”** means the average of the closing market prices of a Share over the last 5 Market Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5 Market Day period and the day of the Market Purchase;

**“Highest Last Dealt Price”** means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase;

**“day of the making of the offer”** means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

**“Market Day”** means a day on which the SGX-ST is open for trading in securities.

- 1.4 **Status of purchased or acquired Shares.** Under current law, the Shares purchased or acquired by the Company shall be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to the Shares shall expire on cancellation, unless such Shares are held by the Company as treasury shares. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and are not held as treasury shares.

- 1.5 **Treasury shares.** Under the Companies Act, the Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below.

(a) ***Maximum holdings***

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. For this purpose, any Shares that are held by subsidiaries in the circumstances referred to in Sections 21(4B) and 21(6C) of the Companies Act shall be included in computing the 10% limit.

(b) ***Voting and other rights***

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of Shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) ***Disposal and cancellation***

Where Shares purchased or acquired by the Company are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under the Listing Manual, immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the “**usage**”). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares of the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares of the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage, and the value of the treasury shares of the usage.

1.6 **Source of funds.** In purchasing or acquiring Shares, the Company may only apply funds legally available for such purchase or acquisition in accordance with its Constitution and applicable laws in Singapore. The Companies Act permits the Company to purchase or acquire its own Shares out of capital as well as out of its profits. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares.

1.7 **Financial effects.** The financial effects on the Company and its subsidiaries (collectively, the “**Group**”) and the Company arising from purchases or acquisitions of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time. The financial effects on the Group and the Company based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2021 are based on the assumptions set out below.

(a) ***Purchase or acquisition out of profits and/or capital***

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s profits and/or capital so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) ***Maximum Price paid for Shares purchased or acquired***

Based on 395,236,288 issued Shares as at the Latest Practicable Date (of which none were treasury shares or subsidiary holdings), the exercise in full of the Share Purchase Mandate will result in the purchase or acquisition of 39,523,628 Shares.

Assuming that the Company purchases or acquires the 39,523,628 Shares at the Maximum Price, the maximum amount of funds required is approximately:

- (i) in the case of Market Purchases, S\$918.9 million (approximately US\$676.7 million) based on S\$23.25 for each Share (being 105% of the Average Closing Price of a Share immediately preceding the Latest Practicable Date); and
- (ii) in the case of an Off-Market Purchase, S\$1,116.9 million (approximately US\$822.5 million) based on S\$28.26 for each Share (being 120% of the Highest Last Dealt Price of a Share immediately preceding the Latest Practicable Date).

Purely for illustrative purposes, on the basis of the assumptions set out above, and based on the audited financial statements of the Group and the Company for the financial year ended 31 December 2021, and assuming that (i) purchases of Shares are made to the extent as aforesaid; (ii) such purchases of Shares are financed solely by borrowings; (iii) no further Shares are issued between 1 January 2021 and the Latest Practicable Date; (iv) the Share Purchase Mandate had been effective on 1 January 2021; and (v) the Company had purchased the 39,523,628 Shares on 1 January 2021, the financial effects of the purchase or acquisition of such Shares by the Company on the audited financial statements of the Group and the Company for the financial year ended 31 December 2021 would be as set out in Appendix A of this letter.

As illustrated in the table in Appendix A, a Market Purchase of the 39,523,628 Shares will have the effect of reducing the working capital and the net asset value (“NAV”) of the Group, and an Off-Market Purchase of the 39,523,628 Shares will have the effect of reducing the working capital and the NAV of the Group. In the case of the Market Purchase, the consolidated NAV per Share as at 31 December 2021 would increase from US\$18.64 to US\$18.79, and the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2021 would increase from US¢167 to US¢184 per Share, after taking into account interest cost incurred. In the case of the Off-Market Purchase, the consolidated NAV per Share as at 31 December 2021 would decrease from US\$18.64 to US\$18.38, and the consolidated basic earnings per Share of the Group for the financial year ended 31 December 2021 would increase from US¢167 to US¢183 per Share, after taking into account interest cost incurred. The said disclosed financial effects remain the same irrespective of whether the purchase of the Shares is effected out of capital or profits or whether the purchased Shares are held in treasury or are cancelled.

SHAREHOLDERS SHOULD NOTE THAT THE FOREGOING FINANCIAL EFFECTS ARE FOR ILLUSTRATIVE PURPOSES ONLY. In particular, Shareholders should note that it is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NAV and/or earnings per Share as the resultant effect would depend on factors such as the aggregate number of Shares purchased, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases or acquisitions.

It should also be noted that purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate would only be made in circumstances where it is considered to be in the best interests of the Company, and that purchases or acquisitions of Shares may not be carried out to the full 10% as mandated. In addition, the Company may cancel or hold in treasury all or part of the Shares it purchased or acquired. Further, the Directors would emphasise that they do not propose to carry out Share purchases or acquisitions to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST.

- 1.8 **Taxation.** Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.
- 1.9 **Listing status of the Shares.** The Listing Manual provides that a listed company shall ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public shareholders. As there is a public float of approximately 25.00% in the issued Shares as at the Latest Practicable Date, the Company is of the view that there is, as of that date, a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without affecting adversely the listing status of the Shares on the SGX-ST. Additionally, the Company will consider investor interests when maintaining a liquid market in its securities, and will ensure that there is a sufficient float for an orderly market in its securities when purchasing its Shares.
- 1.10 **Listing rules.** Any purchase or acquisition by the Company of its Shares pursuant to the Share Purchase Mandate will be reported by the Company in accordance with prevailing reporting requirements of the SGX-ST.

The Listing Manual restricts a listed company from purchasing shares by way of market purchases at a price per share which is more than 5% above the “average closing price”, being the average of the closing market prices of the shares over the last 5 Market Days on which transactions in the shares were recorded, before the day on which the purchases were made, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day of the market purchase. The Maximum Price for a Share in relation to Market Purchases referred to in Paragraph 1.3 above complies with this requirement. Although the Listing Manual does not prescribe a maximum price in relation to purchases of shares by way of off-market purchases, the Company has set a cap of 20% above the highest last dealt price of a Share as the Maximum Price for a Share to be purchased or acquired by way of an Off-Market Purchase. While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time or times, because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price or trade sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors (the “**Board**”) until such price or trade sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through Market Purchases during the one month immediately before, and up to, the date of the announcement of the Company’s results for the half-year and full financial year.

- 1.11 **Take-over implications.** The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code (“**R14-Appendix**”). These take-over implications are summarised below.

(a) ***Obligation to make a take-over offer***

If, as a result of any purchase or acquisition by the Company of its issued Shares, a Shareholder’s proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make a take-over offer under Rule 14 of the Take-over Code.

(b) ***Persons acting in concert***

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company.

Unless the contrary is established, the following persons (*inter alia*) will be presumed to be acting in concert: (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights. For this purpose, ownership or control of at least 20% but not more than 50% of the equity share capital of a company will be regarded as the test of associated company status.

(c) ***Effect of Rule 14 and R14-Appendix***

Under R14-Appendix, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-Over Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or if such Shareholder holds between



30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

In relation to Directors and persons acting in concert with them, R14-Appendix provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase or acquisition of Shares by the Company the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, their voting rights are increased by more than 1% in any period of 6 months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

SHAREHOLDERS WHO ARE IN DOUBT AS TO THEIR OBLIGATIONS, IF ANY, TO MAKE A MANDATORY TAKE-OVER OFFER AS A RESULT OF ANY PURCHASE OR ACQUISITION OF SHARES BY THE COMPANY SHOULD CONSULT THE SECURITIES INDUSTRY COUNCIL AND/OR THEIR PROFESSIONAL ADVISERS AT THE EARLIEST OPPORTUNITY.

As at the Latest Practicable Date, Jardine Matheson Holdings Limited ("JMHL") (a member of the Jardine Matheson group of companies) and certain of its related corporations were collectively interested in 296,427,311 Shares, representing 75.00% of the total issued Shares as at that date.

Under the Take-over Code, unless the contrary is established, the Directors of the Company (including any alternate Director) who are also directors of JMHL or its related corporations and/or are its or their nominees on the Board would be presumed to be persons acting in concert with JMHL. Additionally, as JMHL and the Directors (including any alternate Director) presumed to be acting in concert with it collectively already hold more than 50% of the issued Shares, purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate will not result in the Directors (or any of them) and/or JMHL incurring an obligation to make a mandatory take-over offer under Rule 14 read with R14-Appendix of the Take-over Code.

## **2. RENEWAL OF THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

- 2.1 **Background.** At the 52nd AGM, Shareholders had also approved the renewal of a general mandate for interested person transactions for the purposes of Chapter 9 of the Listing Manual (the "IPT Mandate"). The terms of the IPT Mandate were set out in Appendix B of the Company's Letter to Shareholders dated 29 March 2021. The IPT Mandate enables the Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual to enter in the ordinary course of business into any of the mandated transactions with the specified classes of interested persons, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such transactions.
- 2.2 **Annual renewal of the IPT Mandate.** Under Chapter 9 of the Listing Manual, the IPT Mandate is subject to annual renewal. The IPT Mandate approved at the 52nd AGM was expressed to continue in force until the next Annual General Meeting of the Company, being the 53rd AGM, which is to be held on 27 April 2022. Accordingly, it is proposed that the IPT Mandate be renewed at the 53rd AGM, to take effect until the conclusion of the next Annual General Meeting of the Company.
- 2.3 **Particulars of the IPT Mandate to be renewed.** The nature of the interested person transactions and the classes of interested persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Particulars of the IPT Mandate, including the rationale for the IPT Mandate, the benefits to be derived by the Company, as well as the review procedures for determining transaction prices with the specified classes of Interested Persons, are set out in Appendix B of this letter.
- 2.4 **Audit Committee's confirmation.** The Audit Committee of the Company confirms that:
- (a) the methods or procedures for determining the transaction prices under the IPT Mandate

have not changed since the 52nd AGM; and

- (b) the methods or procedures referred to in (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

- 2.5 **Chapter 9 of the Listing Manual.** General information on the listing rules relating to interested person transactions, including the meanings of terms such as “associate”, “approved exchange”, “entity at risk”, “interested person”, “same interested person” and “interested person transaction” used in Chapter 9 of the Listing Manual, is set out in Appendix C of this letter.

### 3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

- 3.1 **Interests in Shares.** As at the Latest Practicable Date, the interests of the Directors in the issued share capital of the Company, based on the Company's Register of Directors' Shareholdings, were as follows:

Name of Director	No. of Shares	%
Benjamin Birks	25,000	0.006
Stephen Gore	25,000	0.006

As at the Latest Practicable Date, the interests of the substantial Shareholders in the issued share capital of the Company, based on the Company's Register of Substantial Shareholders, were as follows:

Name of Shareholder	No. of Shares	%
Jardine Matheson Holdings Limited	296,427,311	75.00

Note: Jardine Matheson Holdings Limited (“JMHL”) is interested in 296,427,311 Shares through its wholly-owned subsidiary, JMH Investments Limited (“JMHI”). JMHI is in turn interested in the said Shares through its wholly-owned subsidiary, Jardine Strategic Limited (“JSL”). JSL is in turn interested in the said Shares through its wholly-owned subsidiary, JSH Asian Holdings Limited (“JAHL”). JAHL is in turn interested in the said Shares through its wholly-owned subsidiary, Jardine Strategic Singapore Pte Ltd.

- 3.2 **Abstention from voting.** Benjamin Keswick and Anthony Nightingale (each a non-executive Director) hold directorships in companies in the Jardine Matheson Group. Benjamin Birks and Stephen Gore, the Company's incumbent Group Managing Director and Group Finance Director respectively, are on secondment from a company in the Jardine Matheson Group. They will abstain from voting their shareholdings (if any) in the Company on Resolution 7C relating to the renewal of the IPT Mandate at the 53rd AGM.

As JMHL and its associates are interested persons in relation to the renewal of the IPT Mandate, they will abstain from voting their shareholdings (if any) in the Company on Resolution 7C relating to the renewal of the IPT Mandate (and the Company will disregard any votes cast by them on their shareholdings (if any) in the Company on Resolution 7C) at the 53rd AGM. The Chairman of the 53rd AGM will accept appointment as proxy for any other Shareholder to vote in respect of Resolution 7C, where such Shareholder has given specific instructions in a validly completed and submitted Proxy Form as to voting, or abstention from voting, in respect of Resolution 7C.

### 4. RECOMMENDATIONS

- 4.1 **Renewal of the Share Purchase Mandate.** The Directors are of the view, for the reasons set out in Paragraph 1.2 above, that the renewal of the Share Purchase Mandate is in the interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 7B relating to the renewal of the Share Purchase Mandate at the 53rd AGM.
- 4.2 **Renewal of the IPT Mandate.** The Directors who are considered independent for the purposes of the renewal of the IPT Mandate are Mrs Lim Hwee Hua, Michael Kok, Dr Marty Natalegawa,

Steven Phan, Tan Yen Yen and Samuel Tsien. They are of the opinion that the entry into of the Interested Person Transactions (as described in paragraph 5 of Appendix B) between the JC&C Group (as described in paragraph 1 of Appendix B) and the Interested Persons (as described in paragraph 4 of Appendix B) in the ordinary course of business will enhance the efficiency of the JC&C Group and is in the best interests of the Company. For the reasons set out in paragraphs 1, 3 and 5 of Appendix B, they recommend that Shareholders vote in favour of Resolution 7C for the renewal of the IPT Mandate at the 53rd AGM.

## 5. RESPONSIBILITY STATEMENT

- 5.1 **Directors' responsibility.** The Directors collectively and individually accept full responsibility for the accuracy of the information given in this letter and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, this letter constitutes full and true disclosure of all material facts about the proposals to renew the Share Purchase Mandate and the IPT Mandate at the 53rd AGM (collectively, the "**Proposals**"), and the Company and its subsidiaries which are relevant to the Proposals, and the Directors are not aware of any facts the omission of which would make any statement in this letter misleading. Where information in this letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this letter in its proper form and context.
- 5.2 **Disclaimer.** The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed in this letter. Shareholders who are in any doubt as to the action they should take should consult their stockbrokers or other professional advisers immediately.

Yours faithfully  
JARDINE CYCLE & CARRIAGE LIMITED

Benjamin Keswick  
Chairman  
29 March 2022

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**ILLUSTRATION OF FINANCIAL EFFECTS  
FROM MARKET PURCHASE AND OFF-MARKET PURCHASE OF SHARES**

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	Market Purchase				Off-Market Purchase			
	Group		Company		Group		Company	
	Before share purchase	After share purchase	Before share purchase	After share purchase	Before share purchase	After share purchase	Before share purchase	After share purchase
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
<b>As at 31 December 2021</b>								
NAV	7,368.2	6,683.9	2,181.3	1,497.0	7,368.2	6,536.4	2,181.3	1,349.5
Total equity	16,395.3	15,711.0	2,181.3	1,497.0	16,395.3	15,563.5	2,181.3	1,349.5
Current assets	11,813.5	11,813.5	1,154.0	1,154.0	11,813.5	11,813.5	1,154.0	1,154.0
Current liabilities	7,582.9	8,267.2	120.7	805.0	7,582.9	8,414.7	120.7	952.5
Working capital	4,230.6	3,546.3	1,033.3	349.0	4,230.6	3,398.8	1,033.3	201.5
Net debt	1,971.4	2,655.7	1,521.7	2,206.0	1,971.4	2,803.2	1,521.7	2,353.5
No. of issued Shares ('000)	395,236	355,713	395,236	355,713	395,236	355,713	395,236	355,713
Weighted average no. of issued Shares ('000)	395,236	355,713	395,236	355,713	395,236	355,713	395,236	355,713
<b>Financial Ratios</b>								
NAV per Share (US\$)	18.64	18.79	5.52	4.21	18.64	18.38	5.52	3.79
Gearing (Net debt / Total equity)	12%	17%	70%	147%	12%	18%	70%	174%
Current ratio	1.6	1.4	9.6	1.4	1.6	1.4	9.6	1.2
Basic earnings per Share (US¢)	167	184	52	56	167	183	52	56

## Notes:

- The disclosed financial effects remain the same irrespective of whether:
  - the purchase of the Shares is effected out of capital or profits; or
  - the purchased Shares are held in treasury or cancelled.
- NAV equals shareholders' funds. NAV per Share is calculated based on the number of Shares issued.
- Current ratio equals current assets divided by current liabilities.
- The exchange rate of US\$1 = S\$1.3517 was used for translating assets and liabilities at the balance sheet date and US\$1 = S\$1.3433 was used for translating the results for the year.

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**THE GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**


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**1. Introduction**

Due to the diverse business interests and activities of the Company's interested persons, it is envisaged that in the ordinary course of their businesses, transactions between the JC&C Group (as defined below) and the Company's interested persons are likely to occur with some degree of frequency, and may arise at any time. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the JC&C Group to the Company's interested persons or the obtaining of goods and services from them for day-to-day operational needs.

***Rationale for the IPT Mandate***

In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of a general mandate (the "**IPT Mandate**") pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") will enable the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual (together, the "**JC&C Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out in Paragraph 5 below (the "**Interested Person Transactions**"), with the classes of the Company's interested persons specified in Paragraph 4 below (the "**Interested Persons**"), provided that such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders.

***Scope of the IPT Mandate***

The IPT Mandate covers a wide range of transactions arising in the normal course of the business operations of the JC&C Group, in particular, those relating to the Company's principal activities of investment holding and provision of management services, as well as those of its subsidiaries and associated companies which include the distribution and retailing of motor vehicles.

The following transactions are excluded from the IPT Mandate:

- (a) any transaction by a company in the JC&C Group with an Interested Person that is below S\$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such a transaction<sup>(Note 1)</sup>; and
- (b) any transaction by Cycle & Carriage Bintang Berhad ("**CCB**") (a subsidiary of the Company that is listed on Bursa Malaysia), or its subsidiaries or associated companies which are considered "entities at risk" of CCB, with a counter-party who is an Interested Person, as Bursa Malaysia, on which CCB is listed, is regarded by the SGX-ST as an "approved exchange" for the purposes of Rule 904(1) of Chapter 9 of the Listing Manual<sup>(Note 2)</sup>.

Transactions by the JC&C Group with Interested Persons that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

**2. Validity period**

The IPT Mandate will take effect from the passing of the Ordinary Resolution relating thereto and

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(Note 1) The IPT Mandate would, however, cover Interested Person Transactions with values below S\$100,000 entered into during the same financial year and which are aggregated by the SGX-ST under Chapter 9 of the Listing Manual and treated as if they were one Interested Person Transaction which has a value of S\$100,000 or more.

(Note 2) This exclusion applies for so long as CCB is listed on Bursa Malaysia or other "approved exchange" for the purposes of Chapter 9 of the Listing Manual.

will continue in force until the conclusion of the next Annual General Meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next Annual General Meeting and at each subsequent Annual General Meeting of the Company, subject to satisfactory review by the Audit Committee of the Company ("**Audit Committee**") of its continued application to the Interested Person Transactions.

### 3. **Benefit to Shareholders**

The obtaining of the IPT Mandate (and its subsequent renewal on an annual basis) will enhance the ability of the JC&C Group to pursue business opportunities that are time-sensitive in nature, and will eliminate the need (pursuant to the materiality thresholds imposed under Chapter 9 of the Listing Manual) for the Company to announce such transactions, or, to announce and convene separate general meetings as and when potential transactions with the specified classes of Interested Persons arise to seek Shareholders' prior approval for the entry by the relevant company in the JC&C Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled toward attaining other corporate objectives.

### 4. **Classes of Interested Persons**

The IPT Mandate will apply to the Interested Person Transactions (described in Paragraph 5 below) that are carried out with the following classes of Interested Persons:

- (a) Jardine Matheson Holdings Limited ("**JMHL**"); and
- (b) any company which, at the time of the relevant transaction, is an associate of JMHL.

JMHL is a member of the Jardine Matheson group of companies (the "**Jardine Matheson Group**"). Purely for the purposes of illustration, the associates of JMHL would include Jardine Strategic Singapore Pte Ltd, JSH Asian Holdings Limited, Jardine Strategic Limited and JMHL Investments Limited and their respective related corporations, as well as any company in which they or any of them taken together (directly or indirectly) have an equity interest of 30% or more.

### 5. **Categories of Interested Person Transactions**

The types of Interested Person Transactions to which the IPT Mandate will apply, and the benefits to be derived therefrom, are set out below.

#### (a) Vehicle-based Transactions

This category of transactions arises from the vehicle-based businesses of the JC&C Group ("**Vehicle-based Transactions**"). Transactions coming within this category comprise:

- (i) the marketing, sale and purchase of vehicle stocks, spares, parts, and related accessories;
- (ii) the provision of rental and/or leasing of vehicles;
- (iii) the provision of maintenance and after sales service for vehicles, and the repair, modification and upgrading of vehicles and related components and equipment;
- (iv) the purchase of vehicle freight services;
- (v) the purchase of vehicle insurance;
- (vi) the provision and/or receipt of commissions, rebates and other trade-related or marketing incentives to or by counter-parties such as dealers, distributors, principals and finance houses or other financial institutions; and

- (vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(b) Property-based Transactions

This category of transactions pertains to the property development and property investment activities of the JC&C Group ("**Property-based Transactions**"), and consists of transactions relating to:

- (i) the leasing and/or rental of properties;
- (ii) the award of contracts to main contractors and nominated sub-contractors and consultants for projects;
- (iii) the appointment of consultants in relation to property development and property investment;
- (iv) the provision or obtaining of project management services;
- (v) the provision or obtaining of property-linked services (such as property and rental valuation services, building maintenance services, estate management services, security services and property management and marketing services); and
- (vi) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (v) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons.

(c) General Transactions

This category of transactions comprises general business transactions for services and products arising in the day-to-day operations of various companies in the JC&C Group ("**General Transactions**"). The transactions within this category comprise:

- (i) the provision or obtaining of consultancy and advisory services (including in the areas of feasibility studies, market research and analysis);
- (ii) the obtaining of insurance brokerage services;
- (iii) the provision or obtaining of hotel services (including room rentals and the related sale and purchase of food and beverages);
- (iv) the obtaining of office equipment, furniture and fittings;
- (v) the obtaining of renovation services;
- (vi) the provision or obtaining of information technology products and accessories, and information technology services (including repair, maintenance and technical services); and
- (vii) the provision or obtaining of such other products and services which are incidental to or in connection with the provision or obtaining of products and services in sub-paragraphs (i) to (vi) above.

The JC&C Group will benefit from transacting with Interested Persons, in addition to non-Interested Persons, in an expeditious manner. The JC&C Group would also benefit from having access to competitive quotes from Interested Persons. The JC&C Group may also derive operational and financial leverage through savings in terms of economies of scale, such as bulk discounts accorded to the Jardine Matheson Group on a group basis.

(d) Management Support Transactions

This category ("**Management Support Transactions**") relates to corporate management, administration and support services that the JC&C Group may, from time to time, receive from, or provide to, its Interested Persons. Such services, which encompass (i) the receipt of strategic management consultancy from Interested Persons, as well as (ii) the provision and/or receipt of general support to/from Interested Persons, relate to the areas of corporate finance, taxation, investment review and management, risk review and management, strategic business evaluation, treasury and accounting advisory services, corporate planning and business development, management information systems, information technology management and development, information technology systems, human resource and executive compensation, legal and corporate secretarial/administration, accountancy, payroll, internal audit, corporate communications and investor relations.

As a principal subsidiary within the Interested Persons' group of companies, the Company is able to tap into, and draw from, their management and corporate expertise on an international basis for the provision by Interested Persons to the Company of support of a strategic nature having a bearing on the JC&C Group's long-term profitability and development. The JC&C Group may also, from time to time, procure and/or provide support of a general nature relating to its day-to-day operations. By having access to, and (where applicable) providing, such management, administration and support, the JC&C Group will derive operational and financial leverage in its dealings with third parties as well as benefit from the global network of its Interested Persons. Through such support and services, the JC&C Group would also enjoy sharing of resources and economies of scale, and eliminate duplication of efforts.

(e) Corporate Finance and Treasury Transactions

This category of transactions comprises various corporate finance and treasury related activities ("**Corporate Finance and Treasury Transactions**") of the JC&C Group. It includes the obtaining of project financing or other financial assistance and services from Interested Persons, as well as transactions that are undertaken by the JC&C Group in connection with the management of its finances, investments and funding requirements. Within this category of transactions are:

- (i) the placement of funds or deposits with any Interested Person;
- (ii) the borrowing of funds from any Interested Person;
- (iii) the entry into with any Interested Person of foreign exchange, swap and option transactions for hedging purposes; and
- (iv) the subscription of debt securities issued by any Interested Person and the issue of debt securities to any Interested Person, and the buying from, or selling to, any Interested Person of debt securities.

The JC&C Group can benefit from competitive rates or quotes offered by Interested Persons by leveraging on the financial strength and credit standing of the Interested Persons in an expeditious manner.

## 6. **Review procedures for Interested Person Transactions**

The Company has in place an internal control system to ensure that transactions with Interested Persons are made on normal commercial terms, supported by independent valuation where



appropriate, and consistent with the JC&C Group's usual policies and practices.

(a) The internal control system includes the following guidelines:

- (i) In relation to Vehicle-based Transactions, Property-based Transactions, and General Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services or products described shall be made at the prevailing rates/prices of the service or product provider which (in relation to services or products to be provided to an Interested Person) are no more favourable to the Interested Person than those extended to third parties, or (in relation to services or products to be obtained from an Interested Person) are no less favourable than those extended by the Interested Person to third parties, on the service or product provider's usual commercial terms or otherwise in accordance (where applicable) with industry norms.

For the above purposes, market rates will be reviewed where applicable. As a basis for comparison to determine whether the price and terms offered to the Interested Person are no more favourable than those extended to third parties, at least two recent contracts for the same or substantially the same types of transactions entered into by the JC&C Group with third parties will be used. As a basis of comparison to determine whether the terms offered by the Interested Person are fair and reasonable (taking into account, where relevant, factors such as pricing, delivery schedule, rebates or discounts accorded for bulk purchases), quotes will be obtained wherever possible from at least two third party suppliers, for the same or substantially similar quantities and quality of products and/or services. Where it is impractical or not possible for such contracts or (as the case may be) quotes to be obtained:

- (aa) in relation to the sale of goods or services to the Interested Person, the terms of supply will be determined in accordance with the JC&C Group's usual business practice and consistent with the margins obtained by the JC&C Group in its business operations; and
  - (bb) in relation to the purchase of goods or services from the Interested Person, the terms of supply will be compared to those for the same or substantially the same types of transactions entered into between the Interested Persons and third parties. The review procedures in such cases may include, where applicable, reviewing the standard price lists provided by the Interested Person to its customers for such services or products and be based on the commercial merits of the transaction.
- (ii) In relation to Management Support Transactions:
- (aa) the JC&C Group will satisfy itself that the fees payable to an Interested Person for any such transaction shall be on arm's length and commercial terms, in accordance with either: (A) a formula for cost recovery agreed with such Interested Person; or (B) a rate of charge agreed with such Interested Person not exceeding 0.5 per centum of the profit attributable to the shareholders of the Company based on its audited financial statements for the financial year in respect of which the transaction occurred<sup>(Note 3)</sup>. The fee for any such transaction shall be determined by the JC&C Group with the Interested Person before the transaction is entered into. The JC&C Group will also satisfy itself that, having regard to the nature of the services to be provided by the Interested Person, the formula for cost recovery (for services of a general nature) or the rate of charge (for services of a strategic nature) (as the case may be) to be applied to the particular transaction with the

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(Note 3) Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021, the profit attributable to the shareholders of the Company was US\$660.6 million.

Interested Person is in line with that applied by the Interested Person to its other strategic business units for the same or substantially the same management, administration and/or support services; and

- (bb) the JC&C Group will satisfy itself that fees receivable from an Interested Person for services of a general nature shall be on arm's length and commercial terms, and are not prejudicial to the Shareholders or disadvantageous to the JC&C Group. As a test of reasonableness, the rate of charge for determining the fees payable by the Interested Person for the services to be provided by the JC&C Group will be on a cost recovery basis.
  - (iii) In relation to Corporate Finance and Treasury Transactions, any transaction proposed to be carried out with an Interested Person for the obtaining or provision of the services described shall be made on terms no less favourable than those offered by the Interested Person to third parties on the Interested Person's usual commercial terms, and on terms no less favourable than those offered by third parties for the same or substantially similar type of services or otherwise in accordance (where applicable) with industry norms.
- (b) The following review and approval procedures will be implemented for Vehicle-based Transactions, Property-based Transactions and General Transactions:
- (i) Transactions equal to or exceeding S\$100,000 each in value but below S\$5.0 million each in value, will be reviewed and approved by the Group Managing Director for the time being of the Company ("**Group Managing Director**") or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis.
  - (ii) Transactions equal to or exceeding S\$5.0 million each in value will be reviewed and approved by the Audit Committee.
  - (iii) The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and the Audit Committee may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.
- (c) In relation to Management Support Transactions, the following procedures will be implemented to supplement the internal control system:
- (i) Any Management Support Transaction, the value of which, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is below S\$5.0 million will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and tabled for inspection by the Audit Committee on a quarterly basis. The Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) shall review the transaction in question, including the value thereof, on the basis of the benefits and cost effectiveness of the transaction.
  - (ii) Where the value of any Management Support Transaction, singly, or on aggregation with other Management Support Transactions with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) is equal to or exceeds S\$5.0 million, such Management Support Transaction and each subsequent Management Support Transaction with that Interested Person will be reviewed and approved by the Audit Committee.

- (iii) For purposes of determining the aggregate value in (i) and (ii) above, the values of all Management Support Transactions with the same Interested Person shall not be offset and shall be aggregated, irrespective of whether any one or more of such transaction(s) is/are for services provided by the JC&C Group to the Interested Person, or any one or more of such transaction(s) is/are for services receivable by the JC&C Group from that Interested Person.
- (d) In relation to Corporate Finance and Treasury Transactions, the following procedures will be implemented to supplement the internal control system:
  - (i) Placements  
 In relation to the placement of funds with any Interested Person by the JC&C Group of its funds, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for rates of deposits with such banks of an equivalent amount, and for the equivalent period, of the funds to be placed by the JC&C Group. The JC&C Group will only place funds with such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.
  - (ii) Borrowings  
 In relation to the borrowing of funds from any Interested Person by the JC&C Group, the Company will require that quotations shall be obtained from such Interested Person and at least two banks for loans from such banks of an equivalent amount, and for the equivalent period, of the funds to be borrowed by the JC&C Group. The JC&C Group will only borrow funds from such Interested Person provided that the terms quoted are no less favourable to the JC&C Group than the terms quoted by such banks.
  - (iii) Foreign exchange, swaps and options  
 In relation to the entry into of foreign exchange, swap and option transactions by the JC&C Group with any Interested Person, the Company will require that rate quotations shall be obtained from such Interested Person and at least two banks. The JC&C Group will only enter into the foreign exchange, swap or option transactions with such Interested Person provided that the rates quoted are no less favourable to the JC&C Group than the rates quoted by such banks.
  - (iv) Debt securities  
 In relation to the subscription of debt securities issued by, or the purchase of debt securities from, Interested Persons, the JC&C Group will only enter into the subscription or purchase of such debt securities issued provided that the price(s) at which the JC&C Group subscribes for or purchases such debt securities will not be higher than the price(s) at which such debt securities are subscribed for or purchased by third parties.  
  
 In relation to the issue or sale to Interested Persons of debt securities, the JC&C Group will only issue or sell such debt securities to Interested Persons provided that the price(s) at which the JC&C Group issues or sells such debt securities will not be lower than the price(s) at which such debt securities are issued or sold by the JC&C Group to third parties.

In addition, the Company will monitor Corporate Finance and Treasury Transactions entered into by the JC&C Group as follows:

*Borrowings from and debt securities issued or sold to Interested Persons*

Where the interest expense on any borrowing from, or any debt securities to be issued or sold to, an Interested Person when aggregated with the interest expense incurred by the JC&C Group on previous borrowings from, and debt securities issued or sold to, the same Interested Person (as such term is construed under Chapter 9 of the Listing

Manual) is equal to or exceeds S\$5.0 million, such (and each subsequent) borrowing from that Interested Person, or issue or sale of debt securities to, that Interested Person shall require the prior approval of the Audit Committee.

Borrowings from, or issue or sale of debt securities to, the same Interested Person in respect of which the interest expense thereon in aggregate does not exceed the limit set out above will be reviewed and approved by the Group Managing Director (or in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

*Placements with and debt securities subscribed or purchased from Interested Persons*

Where the value (including the applicable interest income) of any funds to be placed with, or any debt securities to be subscribed which are issued by/purchased from, an Interested Person when aggregated with the value (including the applicable interest income) of previous funds placed with, and debt securities subscribed/purchased from, the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) by the JC&C Group exceeds S\$100.0 million, such (and each subsequent) placement of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person shall require the prior approval of the Audit Committee.

Placements of funds with, or subscription of debt securities issued by, or purchase of debt securities from, the same Interested Person where the value (including the applicable interest income thereof) does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

*Foreign exchange, swaps and options entered into with Interested Persons*

Where the principal amount of any foreign exchange, swap or option transaction to be entered into with an Interested Person when aggregated with the principal amount of previous foreign exchange, swap and option transactions entered into by the JC&C Group with the same Interested Person (as such term is construed under Chapter 9 of the Listing Manual) exceeds S\$100.0 million, such (and each subsequent) foreign exchange, swap or option transaction to be entered into with the same Interested Person shall require the prior approval of the Audit Committee.

Entry into of foreign exchange, swap or option transactions with the same Interested Person where the principal amount thereof does not in aggregate exceed the limit set out above will be reviewed and approved by the Group Managing Director (or, in his absence, such other senior executive of the Company designated by the Audit Committee from time to time for such purpose) and shall be tabled to the Audit Committee for review on a quarterly basis.

- (e) The following will apply to the review and approval process for all categories of Interested Person Transactions:
- (i) If the Group Managing Director has an interest in the transaction or is a nominee for the time being of the Interested Person, the review and approval process shall be undertaken by the senior executive of the Company designated by the Audit Committee from time to time for such purpose.
  - (ii) If the Group Managing Director and such senior executive have an interest in the transaction or are nominees for the time being of the Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.

- (iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.
- (f) The Company will maintain a register of Interested Person Transactions carried out with Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and the Company's annual internal audit plan will incorporate a review of all Interested Person Transactions entered into in the relevant financial year pursuant to the IPT Mandate.

The Audit Committee will review the internal audit reports on Interested Person Transactions to ascertain that the guidelines and review procedures for Interested Person Transactions have been complied with.

- (g) If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Interested Person Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the JC&C Group or the Interested Persons are conducted, the Company will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Interested Person Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and the minority Shareholders.

## **7. Disclosures**

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will: (a) disclose in the Company's Annual Report the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate during the financial year (as well as in the Annual Reports for subsequent financial years that the IPT Mandate continues in force); and (b) announce the aggregate value of transactions conducted with Interested Persons pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

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**GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL**


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Chapter 9 of the Listing Manual of the SGX-ST governs transactions between a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be “at risk”, with the listed company’s interested persons.

Except for any transaction which is below S\$100,000 in value and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, when this Chapter applies to a transaction with an interested person and the value of the transaction alone or on aggregation with other transactions conducted with the same interested person during the financial year reaches or exceeds certain materiality thresholds (which are based on the listed company’s latest audited consolidated net tangible assets (“**NTA**”)), the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders’ approval for the transaction. In particular, shareholders’ approval is required for an interested person transaction of a value equal to, or exceeding:

- (a) 5% of the listed company’s latest audited consolidated NTA<sup>(Note)</sup>; or
- (b) 5% of the listed company’s latest audited consolidated NTA, when aggregated with the values of all other transactions entered into with the same interested person (as such term is construed under Chapter 9 of the Listing Manual) during the same financial year.

Chapter 9 of the Listing Manual, however, allows a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not for the purchase or sale of assets, undertakings or businesses) which may be carried out with the listed company’s interested persons. A general mandate is subject to annual renewal.

For the purposes of Chapter 9 of the Listing Manual:

- an “**entity at risk**” means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (the “**listed group**”), or the listed group and its interested person(s), has control over the associated company;
- an “**interested person**” means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder. The SGX-ST may also deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into (i) a transaction with an entity at risk, and (ii) an agreement or arrangement with an interested person in connection with that transaction;
- an “**associate**” in relation to an interested person who is a director, chief executive officer or controlling shareholder, includes an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or controlling shareholder, the trustees of any trust of which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family is a

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(Note) Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021, the NTA of the Group was US\$6,512.2 million. Accordingly, in relation to the Company, for the purpose of Chapter 9 of the Listing Manual, in the current financial year and until the audited consolidated financial statements of the Group are published for the financial year ended 31 December 2022, 5% of the Company’s latest audited consolidated NTA would be US\$325.6 million.

beneficiary, or in the case of a discretionary trust, is a discretionary object, and any company in which the director/his immediate family, the chief executive officer/his immediate family or the controlling shareholder/his immediate family has or have an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more;

- an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles as Chapter 9;
- an “**interested person transaction**” means a transaction between an entity at risk and an interested person;
- a “**transaction**” includes the provision or receipt of financial assistance; the acquisition, disposal or leasing of assets; the provision or receipt of goods or services; the issuance or subscription of securities; the granting of or being granted options; and the establishment of joint ventures or joint investments, whether or not entered into in the ordinary course of business, and whether entered into directly or indirectly;
- in interpreting the term “**same interested person**” for the purpose of aggregation of the values of all transactions entered into with the same interested person during the same financial year under Rules 905, 906 and 907 of Chapter 9 of the Listing Manual, the following applies:
  - (i) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person;
  - (ii) transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person;
  - (iii) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person; and
  - (iv) if an interested person (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons and have audit committees whose members are completely different; and
- a “**primary interested person**” means a director, chief executive officer or controlling shareholder of the listed company.